UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

In re:	:	Chapter 11
	:	
HOUGHTON MIFFLIN HARCOURT PUBLISHING COMPANY, *et al.*,[1]	:	Case No. 12-____ (___)
	:	Joint Administration Pending
Debtors.	:	

DECLARATION OF WILLIAM F. BAYERS PURSUANT TO RULE 1007-2 OF THE LOCAL BANKRUPTCY RULES FOR THE SOUTHERN DISTRICT OF NEW YORK IN SUPPORT OF FIRST-DAY MOTIONS AND APPLICATIONS

I, **WILLIAM F. BAYERS**, hereby declare as follows:

1. I serve as executive vice president and general counsel of Houghton Mifflin Harcourt Publishing Company ("HMH"), a corporation organized under the laws Massachusetts, and an affiliate and the primary operating company of the above captioned debtors and debtors-in-possession (collectively, the "Debtors," and together with their non-debtor affiliates, the "Company"). I have served in this capacity since May of 2007. Although the Debtors are each independent legal entities, I serve as a director for each of them, other than HMH Holdings (Delaware), and given the coordination of their business as an integrated group

[1] The Debtors in these cases, along with the last four digits of each Debtor's federal tax identification number, are Houghton Mifflin Harcourt Publishing Company (6030), Houghton Mifflin Harcourt Publishers Inc. (7305), HMH Publishers, LLC (7173), Houghton Mifflin Holding Company, Inc. (2898), Houghton Mifflin, LLC (2961), Houghton Mifflin Finance, Inc. (2812), Houghton Mifflin Holdings, Inc. (0674), HM Publishing Corp. (5843), Riverdeep Inc., a Limited Liability Company (9612), Broderbund LLC (6113), RVDP, Inc. (2557), HRW Distributors, Inc. (4902), Greenwood Publishing Group, Inc. (4537), Classroom Connect, Inc. (3282), ACHIEVE! Data Solutions, LLC (7499), Steck-Vaughn Publishing LLC (6929), HMH Supplemental Publishers Inc. (7571), HMH Holdings (Delaware), Inc. (6372), Sentry Realty Corporation (6742), Houghton Mifflin Company International, Inc. (9100), The Riverside Publishing Company (0173), Classwell Learning Group Inc. (9252), Cognitive Concepts, Inc. (5986), Edusoft (9992), and Advanced Learning Centers, Inc. (2861).

of companies, my position with Houghton Mifflin Harcourt Publishing Company and as a director has allowed me to become generally familiar with the day-to-day operations, business and financial affairs of the Debtors as a group.

2. I submit this declaration pursuant to Rule 1007-2 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the "Local Rules") in support of the Debtors' petitions for relief under title 11 of the United States Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), filed as of the date hereof (the "Petition Date"), and the Debtors' contemporaneously filed requests for relief in the form of motions and applications (the "First-Day Motions"). I have reviewed the Debtors' petitions and the First-Day Motions, or have otherwise had their contents explained to me, and it is my belief that the relief sought therein is essential to ensure the uninterrupted operation of the Debtors' business and the success of the Debtors' reorganization.

3. Except as otherwise indicated, the facts set forth in this declaration are based upon my personal knowledge, my review of relevant documents, information provided to me by employees working under my supervision, or my opinion based upon experience, knowledge, and information concerning the operation of the Debtors and their industry as a whole. I am authorized to submit this declaration on behalf of each Debtor, and if called upon to testify, I would testify competently to the facts set forth herein. Unless otherwise indicated, the financial information contained in this declaration is unaudited. Such financial information is also presented on a consolidated basis for the affiliated Debtors in these cases.

4. On the date hereof, the Debtors commenced reorganization cases in this Court pursuant to chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases"). This declaration is intended to provide a summary overview of the Company and its circumstances. Specifically,

Part I provides an overview of the Company's business. Part II provides a description of the Company's organizational structure, financial performance, and prepetition indebtedness. Part III addresses the circumstances leading to the filing of these Chapter 11 Cases. Part IV contains descriptions of the First-Day Motions. Part V contains information required by Local Rule 1007-2 to the extent not otherwise provided herein.

I.

The Company's Business

A. Houghton Mifflin Harcourt Publishing Company and Affiliated Debtors

5. HMH is the primary operating company. It is an affiliate with each of the other Debtors in these Chapter 11 Cases, as defined in section 101(2) of the Bankruptcy Code.

6. HMH maintains its principal corporate office at 222 Berkeley Street, Boston, MA 02116. HMH also leases a New York office at 215 Park Avenue South, New York, NY 10003. I am advised and believe that venue in this Court is proper. HMH's New York office is used as a sales office for the Debtors, where approximately 60 full-time employees work. Additionally, approximately 15 of the Debtors' employees are sales representatives who work from their homes in New York. Finally, the Debtors maintain investments accounts with Morgan Stanley, located in Manhattan.

7. The Debtors are the leading provider, with an estimated addressable market share of over 41%, of educational content, technology and professional services to the elementary and secondary school market in the United States, including a full range of comprehensive curriculum, supplemental and service offerings. The Debtors are organized along two business divisions: Education and Trade and Reference. Presently, the Debtors employ approximately 3,300 employees nationwide - 3,275 of which are full time employees. The Education business is the largest division, and represented approximately 90% of the

Debtors total revenue for the year ended December 31, 2011. The Education offices are located in Boston, MA, Orlando, FL, Evanston, IL, Austin, TX, Wilmington, MA, Rolling Meadows, IL, Portsmouth, NH and Dublin, Ireland. Trade and Reference sells and licenses book rights to paperback publishers, book clubs, web sites, and other publishers and electronic businesses in the U.S. and abroad. The Trade and Reference main offices are located in New York and Boston.

8. The Debtors have a long-standing expertise in teaching and instructional strategy and the design and creation of print and electronic learning materials across all grade levels. The Debtors distribute their solutions in multiple formats, including print and digital curriculum, technology platforms, assessment tools and services. The Debtors believe that the solutions are a mission critical tool for school systems as they increasingly focus on outcomes-based learning and teaching solutions that reach students both in the classroom and at home. The Debtors believe they are a leader in the transformation of the traditional educational materials market and have the opportunity to increase revenue and profitability by selling innovative solutions through a comprehensive and integrated approach to educating children.

9. The Debtors offer a diverse portfolio of digital and print products and services, including textbooks, digital learning content, assessment tools, technology platforms, related social media and mobile applications, standardized and customized tests, professional development and school reform services, and a wide range of trade and reference titles. The Debtors' portfolio includes well-known brands such as *Curious George*, *The Lord of the Rings*, *Polar Express* and *Peterson Field Guides*, and the Debtors' content is published under widely-recognized trade names including Holt McDougal, Rigby, Harcourt, Great Source, Earobics, SkillsTutor, Steck-Vaughn, Riverside Publishing, Edusoft, Heinemann, Riverdeep, Broderbund, McDougal Littell and Saxon. To maximize the Debtors' reach and ability to connect with

parents and students who are increasingly focused on the digital world, the Debtors also distribute content through consumer websites such as Amazon and through mobile applications.

B. The Company's Customers

10. The Debtors have a large and diverse customer base ranging from wholesale distributors to individual schools. The principal markets for the K-12 suite of products are elementary and secondary public school districts in the United States, and multiple International customers in Asia, Europe and Africa. The Debtor's products are sold to state and local public entities, large private and parochial school systems, and individual schools and educational institutions in all 50 U.S. states. The Company provides products and services to over 65,000 schools in 11,000 school districts, and 7,000 other customers. Trade and Reference customers include some of the largest retail (online and in-store) and wholesale book distributors in the U.S. The international division customer base includes both large and local wholesale book distributors.

C. The Company's Vendors

11. The Company has numerous vendor relationships that support the Company's business. In 2011, the Company purchased goods and services worth over $870 million from more than 12,000 vendors worldwide[2]. The Company's liability to vendors in April 2012 totaled an estimated $129 million to approximately 6,000 vendors.

12. There are two primary vendors which provide business process outsourcing to the Company. Other crucial vendors include paper and printing products suppliers. The April 2012 liability to vendors for the Company's manufacturing and printing

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[2] This total excludes insurance and utility vendors.

operations totaled approximately $11 million to approximately 55 manufacturing and printing vendors.

13. Annually, the Company owes royalty related payments to more than 4,000 authors, publishers and literary agents. The April 2012 payables totaled approximately $30 million to about 4,355 authors and literary agents.

14. The Company also utilizes professional services providers which provide tax, accounting, financial, legal and advertising services. April 2012 liability to professional services providers totaled approximately $2.8 million for 93 vendors.

15. The vast majority of liability to transportation, distribution and shipping vendors results from the inbound and outbound freight transportation of the Company's products. For the year ended December 2011, the company spent $39 million in freight costs to approximately 35 vendors and $8.1 million for the first four months of 2012 to 23 vendors. The Company outsources to a freight management services company to coordinate its transportation billing. The April 2012 liability for transportation and shipping, packaging supplies, and warehouse equipment totaled approximately $684,000 to about ten (10) vendors.

16. The Company utilizes vendors for content development, editorial design, translation services, web design, permission and copyrights, and other publishing processes and services. In addition to their in-house experts, the Company utilizes freelance and per diem professionals. The April 2012 liability to the aforementioned publishing processes and services vendors totaled approximately $5.7 million to approximately 240 vendors.

17. The Company utilizes vendors to manage travel, entertainment and employee benefits. The majority of travel and entertainment expenditures are coordinated through one primary credit card vendor that streamlines the expense billing process. The April

2012 liability related to travel, entertainment and employee benefits-related vendors totaled approximately $346,000 to about 28 vendors.

18. Vendors provide property management, rent, security and facility maintenance to the Company for office facilities and warehouses. The April 2012 liability to these vendors totaled approximately $293,000 to about 19 firms.

19. Information technology related vendors include internet technology service providers, software and software licensing, computers and IT consulting. The April 2012 liability to vendors for information technology services totaled approximately $230,000 million to14 firms.

II.

The Company's History, Organizational Structure, Financial Performance and Prepetition Indebtedness

A. History and Organizational Structure

20. The corporate structure chart, attached hereto as Exhibit A, provides a general overview of the relationship of the Debtors to each other.

21. The formation of the current group of operating entities originated when HM Rivergroup PLC, which operated several entities using the Riverdeep trade name, acquired Houghton Mifflin Holding Company, Inc. from a consortium of private equity owners in December 2006. Houghton Mifflin Holding Company, Inc. was a premier publisher in the U.S. public school market (known as Kindergarten to Grade 12 or "K-12"), offering a diverse portfolio of products and services, including textbooks, workbooks, supplemental materials, teaching guides, various types of standardized and customized tests, professional assessment products, a range of trade and reference titles, as well as educational software programs.

22. In 2007, the combined entity operating primarily under the Houghton Mifflin name ("Houghton Mifflin") acquired certain assets of Harcourt Education Inc. and shares of certain sister companies ("Harcourt Education") from Reed Elsevier plc to form the current group of legacy Riverdeep, Houghton Mifflin and Harcourt Education businesses now operating under the Houghton Mifflin Harcourt brand. At the time, Harcourt Education was also a leading publisher of K-12 educational content, providing a full range of basal and supplemental programs to U.S. classrooms. Harcourt Education had a long-standing reputation for expertise in pedagogic design and the creation of new instructional materials across all grade levels. The combination of Houghton Mifflin and Harcourt Education united two of the most successful and established educational book publishers in the United States, forming the second largest player in the K-12 publishing segment based on revenue. Both Houghton Mifflin and Harcourt Education demonstrated strong track records in capturing market share, growing their product bases and streamlining operations. Over the years each has invested significant capital to update and expand the range of their textbooks and printed and digital supplemental product offerings. During this same period, the businesses invested in significant research and development to upgrade and expand their book bags as well as increase their ability to cost-effectively customize their products.

23. As a result of the global financial crisis, recession-driven decreases in state spending and significant purchase deferrals, on March 9, 2010, the Debtors completed an out-of-court restructuring of certain indebtedness and an upper-tier reorganization. As part of the reorganization, Riverdeep Interactive Learning, an Irish company and the previous parent company of the group ("RIL"), entered into a series of transactions, including a $650 million rights offering, that ultimately resulted in HMH Holdings and its subsidiaries no longer being

subsidiaries of RIL. In the out-of-court restructuring, the then-existing first lien lenders received approximately 90% of the equity of HMH Holdings (pre-dilution from the rights offering) in exchange for converting $2 billion of debt and the then-existing mezzanine lenders received approximately 10% of the equity and warrants to purchase up to an additional 12.5% of the incremental value above a specified equity value (in each case, pre-dilution from the rights offering) in exchange for converting $2 billion of debt. In addition, HMH used the proceeds from the rights offering in which certain then-existing first lien lenders and mezzanine lenders participated to pay transaction fees, accrued cash interest and fund cash on the balance sheet.

B. Financial Performance

24. The commercial activity of the Company is carried out mainly through HMH and additional activity is carried out by Greenwood Publishing Group, Inc. ("Greenwood"), the Riverside Publishing Company ("Riverside") and Advanced Learning Centers, Inc. ("ALC").

25. For the year ended December 31, 2011, combined revenue and adjusted EBITDA for the Company was approximately $1.295 billion and $238 million, respectively. For the year ended December 31, 2011, EBITDA for HMH, Greenwood, Riverside and ALC was $182.5 million, $43.7 million, $39 million and $3.5 million, respectively.

C. The Debtors' Prepetition Indebtedness

26. The Debtors' principal liabilities consist of the following:

First Lien Credit Facility

27. Our existing senior secured credit facilities with a syndicate of lenders and Citibank, N.A., as administrative agent, and as collateral agent, provide a (i) fully funded revolving credit facility in the outstanding principal amount of $235.8 million that matures on December 12, 2013, under which the commitments have been terminated and the outstanding

loans have been effectively converted into term loans (the "First Lien Revolving Facility"), and (ii) a term loan facility in the outstanding principal amount of $2.571 billion that currently matures on June 12, 2014 (the "First Lien Term Facility" and, together with the First Lien Revolving Facility, the "First Lien Credit Facility"). The First Lien Credit Facility is fully drawn with no further borrowings available thereunder. Borrowings under our First Lien Credit Facility bear interest at a rate per annum equal to, at our option, either (a) a base rate determined by reference to the higher of (1) the prime rate and (2) the federal funds effective rate plus 0.5%, or (b) the eurodollar rate determined by reference to the costs of funds for U.S. dollar deposits for the interest period relevant to such borrowing adjusted for certain additional costs, in each case plus an applicable margin. The current applicable margin for loans under the First Lien Credit Facility is 6.25% per annum for base rate borrowings and LIBOR borrowings and increases by 0.25% per annum each August and February to a maximum applicable margin of 6.50%.

28. The First Lien Credit Facility is guaranteed by HMH Holdings, and certain of its subsidiaries, and secured by substantially all of the assets of certain members of the group of operating companies.

Prepetition Senior Secured Notes

29. On May 26, 2011, HMH Publishers, Inc. and HMH issued $300 million of 8-year 10.5% Notes (the "Prepetition Senior Secured Notes" and, together with the First Lien Credit Facility, the "Prepetition Secured Debt"). The Prepetition Senior Secured Notes mature on June 1, 2019. The notes are senior secured obligations that rank equally in right of payment with the First Lien Credit Facility and all of the Debtors' other existing and future senior indebtedness and are senior in right of payment to any of our existing and future subordinated indebtedness. The notes are guaranteed on a senior secured basis by HMH Holdings, its

subsidiary, HMH Publishing Company, and all of the direct and indirect subsidiaries of HMH Publishing Company that guarantee, or act as co-borrowers under, the First Lien Credit Facility. The notes are structurally subordinated to all of the liabilities and preferred stock of each of the subsidiaries that do not guarantee or co-issue the notes. The outstanding principal amount of the Prepetition Senior Secured Notes is $300 million.

Receivables Facility

30. On August 4, 2010, HM Receivables Co. II, LLC, a non-Debtor Delaware limited liability company and direct wholly-owned special purpose subsidiary of HM Publishing Corp. (the "Receivables Subsidiary"), entered into the Receivables Funding and Administration Agreement (the Receivables Facility) with certain lenders party thereto and JP Morgan Chase Bank, N.A., as administrative agent (in such capacity, the "Receivables Facility Agent"). The Receivables Facility provides for revolving credit financing of up to $250 million (the "Aggregate Commitment") subject to borrowing base availability, which terminates on August 4, 2014; provided that such termination date may be accelerated to a day that is 90 days prior to the maturity of the First Lien Revolving Facility (as defined below) or First Lien Term Facility (as defined below) if such facilities are not (i) repaid or (ii) exchanged, extended, refinanced, renewed, replaced, defeased, or refunded with indebtedness having a stated maturity after August 4, 2014. The obligations under the Receivables Facility are non-recourse (except for standard representations, warranties, covenants, servicing and indemnities made in connection with such facility) to HMH Holdings and its subsidiaries, other than the Receivables Subsidiary, and the assets of the Receivables Subsidiary are not available to satisfy the obligations of other subsidiaries of HMH Holdings. Proceeds of the financing are used, primarily, to purchase accounts receivable (the "Receivables") from HMH and certain indirect wholly-owned

subsidiaries of HMH[3] pursuant to a sales and servicing agreement (the "Sales Agreement") by and among the Receivables Subsidiary, as buyer, the Originators, as sellers, and HMH, as servicer. The Receivables Facility borrowing base at any time equals the lesser of (i) the Aggregate Commitment, (ii) the net receivables balance multiplied by an applicable advance rate based on current dilution, minus certain applicable reserves and an availability block and (iii) the net receivable balance multiplied by 85%, minus certain applicable reserves and an availability block. All advances under the Receivables Facility are subject to the satisfaction of customary conditions, including absence of a default and accuracy of representations and warranties. The principal amount outstanding under the Receivables Facility is $0.

Letter of Credit Facility

31. On October 26, 2010, HMH Publishers Inc. entered into the Letter of Credit Facility pursuant to which Wells Fargo Bank, National Association ("Wells Fargo") has agreed to issue up to $50 million of standby letters of credit. The Letter of Credit Facility is scheduled to expire on June 1, 2013. All letters of credit when issued pursuant to the Letter of Credit Facility are required to be cash collateralized at 100% of their face amount, and Wells Fargo has a first-priority security interest in, and exclusive control over, the account in which cash collateral is posted by HMH Publishers Inc. in connection with each letter of credit. The current aggregate amount of letters of credit outstanding under the Letter of Credit Facility is $26,829,718.53.

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[3] Such indirect wholly-owned subsidiaries are: ACHIEVE! Data Solutions, LLC; Edusoft; Greenwood Publishing Group, Inc.; Cognitive Concepts, Inc.; and The Riverside Publishing Company (collectively, the "Originators").

32. In addition to the foregoing, the Debtors owe approximately $142,990,165 in additional liabilities, such as accounts payable, only a portion of which may become due during these cases.

III.

Current Restructuring

A. Events Necessitating the Current Restructuring

33. The global financial crisis over the past several years has negatively affected the Debtors' recent financial performance. The Debtors' business depends largely on state and local funding and the recession-driven decreases in state spending as well as significant purchase deferrals in key states and territories resulted in material reductions in the overall size of the Debtors' key K-12 market. Lack of anticipated federal stimulus support also contributed to the Debtors' substantial revenue decline. As a result of the deteriorating macroeconomic conditions, the Debtors, along with certain of their non-debtor affiliates, implemented a consensual out-of-court restructuring in March 2010 (as discussed above). Despite the out-of-court restructuring, due to the continuing contraction of funds for state education spending and higher deferrals of awarded business than expected, the Debtors have continued to experience financial difficulties. On or about December 22, 2011 and December 29, 2011, the Debtors entered into amendments to their first lien credit facility and receivables facility, respectively (collectively, the "Amendments").

34. Notwithstanding the Amendments, the Debtors have determined that a complete delevering of their capital structure is now necessary. In or about March 2012 significant holders of claims under the Debtors' First Lien Credit Facility and the Prepetition Senior Secured Notes formed an informal creditor group (the "Informal Creditor Group"). Since its formation, the Informal Creditor Group and its advisors have engaged in constructive

dialogue with the Debtors regarding a comprehensive restructuring of the Debtors' outstanding debt and equity.

35. After months of good faith, arm's length negotiations among the Debtors and the Informal Creditor Group and their respective advisors, on May 10, 2012, the parties reached an agreement on the terms of a restructuring to completely delever the Debtors' balance sheet. The Debtors have commenced these chapter 11 cases to implement the terms of the agreement which has been embodied in a prepackaged plan of reorganization (the "Prepackaged Plan") and the accompanying Restructuring Support Agreement (as defined in the Prepackaged Plan), filed substantially contemporaneously herewith.

B. The Proposed Restructuring Plan and Prepetition Solicitation

36. The Prepackaged Plan provides for the restructuring of the Debtors' liabilities in a manner designed to maximize recoveries to holders of claims against and equity interests in the Debtors. I believe that (i) through the Prepackaged Plan, holders of Allowed Claims and Equity Interests would obtain a substantially greater recovery from the Debtors' estates than the recovery they would receive if (a) the Debtors filed chapter 11 petitions without the prior acceptance of the Prepackaged Plan by the requisite amount and number of their creditors for the Prepackaged Plan to be approved by the Bankruptcy Court or (b) the Debtors were liquidated under chapter 7 of the Bankruptcy Code, and (ii) the Prepackaged Plan will afford the Debtors the opportunity and ability to continue their business with sufficient liquidity to operate as a going concern.

37. The Prepackaged Plan contemplates that (i) Senior Creditors[4] shall receive their pro rata share of (a) 100% of New Common Stock, subject to dilution for (x) New Common Stock to be issued pursuant to the Management Incentive Plan and (y) to the extent applicable, New Common Stock to be issued upon exercise of the New Warrants, and (b) $30.3 million in Cash; (ii) except to the extent that a holder of an Allowed Letter of Credit Facility Claim and the Debtors with the consent of the Requisite Participating Lenders agree to a different treatment, the outstanding letters of credit issued under the Letter of Credit Facility shall either continue unaffected upon consummation of the Plan or be replaced by the Exit Facility and the Letter of Credit Facility shall be deemed terminated; (iii) holders of Allowed General Unsecured Claims shall receive Cash in amount equal to such holder's Allowed General Unsecured Claim plus accrued and unpaid Post-Petition Interest or shall otherwise continue unaffected upon consummation of the Plan, to be paid in the ordinary course of business; and (iv) if the Class of Existing Common Stockholders votes to accept the Plan, the Existing Common Stockholders shall be entitled to receive their pro rata share of the New Warrants; if such Class votes to reject the Plan, the Existing Common Stockholders shall not be entitled to a distribution under the Plan. The Receivables Facility shall be paid in full from the proceeds of the debtor in possession financing that will be provided to the Debtors in the Chapter 11 Cases.

38. All other classes of claims and equity interests will be satisfied in full and will be unimpaired, with the exception of Class 9 Other Holdings Equity Interests which will receive no distribution under the Prepackaged Plan, is not entitled to vote to accept or reject the Plan and is deemed to reject the Plan.

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[4] Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the Prepackaged Plan and Disclosure Statement.

39. In connection with the Prepackaged Plan, the Debtors prepared the Disclosure Statement describing, among other things, the proposed reorganization and its effects on holders of claims against and equity interests in the Debtors. Following the launch of the solicitation of votes on the Prepackaged Plan, the Debtors and/or their voting agent, caused copies of the Disclosure Statement, the Prepackaged Plan (attached to the Disclosure Statement) and the appropriate Ballot to be transmitted to the holders of Class 3 and Class 8 claims. The Debtors established 5:00 p.m. (prevailing Eastern Time) on May 18, 2012 as the Voting Deadline for holders of Class 3 First Lien Credit Facility claims and the Participating Lenders under the Restructuring Support Agreement and 5:00 p.m. (prevailing Eastern Time) on June 11, 2012 as the Voting Deadline for holders of Class 3 claims related to the Prepetition Senior Secured Notes and the holders of Class 8 equity interests. May 10, 2012 was set as the Voting Record Date. Solicitation commenced on May 11, 2012.

40. Although the solicitation period remains open, as of the Petition Date, 90.3% of the total amount of creditors entitled to vote on the Prepackaged Plan voted in favor of the Prepackaged Plan and 76% in amount of equity holders entitled to vote on the Prepackaged Plan voted in favor of the Prepackaged Plan. The Debtors did not receive any ballots rejecting the Prepackaged Plan. As a result of the overwhelming support for the Prepackaged Plan, the Debtors intend to move forward with confirmation of the Prepackaged Plan at the Court's earliest available date.

IV.

First-Day Motions

41. As discussed above, concurrently with the filing of their chapter 11 petitions, the Debtors filed various First-Day Motions, which are necessary to (a) continue the Debtors' operations in chapter 11 with as little disruption and loss of productivity as possible, (b)

maintain the confidence and support of customers, employees, suppliers and certain other key constituencies and (c) establish procedures for the smooth and efficient administration of these Chapter 11 Cases. I have reviewed each of the First-Day Motions, including the exhibits thereto, and I believe that the relief sought in each of the First-Day Motions is tailored to meet the goals described above and, ultimately, will be critical to the Debtors' ability to achieve a successful reorganization. It is also my understanding that the First-Day Motions reflect the comments of the United States Trustee for the Southern District of New York.

A. The Debtors Require Relief to Avoid Immediate and Irreparable Harm

42. To enable the Debtors to minimize the adverse effects of the commencement of these Chapter 11 Cases on their ongoing business operations and promote a smooth transition to chapter 11, the Debtors have requested various forms of relief in their First Day Motions. The First Day Motions seek authority to, among other things, obtain debtor-in-possession financing on an interim basis, preserve customer relationships, maintain employee morale, and ensure the continuation of the Company's cash management systems and other business operations without interruption. A complete list of First Day Motions is attached hereto as Exhibit N.

43. In connection with the preparation and filing of these Chapter 11 Cases, I have reviewed the First Day Motions, including the exhibits thereto, and the facts therein are true and correct to the best of my knowledge, information, and belief, and based upon the information supplied or verified by various employees of the Debtors. I believe that Court approval of the relief sought in the First Day Motions is essential to giving the Debtors an opportunity to work toward a successful restructuring that will benefit all of the Debtors' constituents and preserve the value of the Debtors' estates.

B. Procedural Motions

(a) Joint Administration Motion

44. The Debtors seek joint administration of these Chapter 11 Cases for procedural purposes only. As described above, each of the twenty-five (25) Debtors in these Chapter 11 Cases is an affiliate of HMH, and the Debtors share key financial and operational systems.

45. The joint administration of these Chapter 11 Cases, to the best of my knowledge, will not give rise to any conflict of interest among the Debtors' estates. Nor will joint administration adversely affect the Debtors' respective creditors because this motion requests only administrative consolidation of the estates. Intercompany claims among the Debtors also will be preserved and each of the Debtors will maintain separate records of assets and liabilities. Thus, I believe that individual creditors' rights should not be harmed by the relief requested. Instead, non-Debtor parties in interest should benefit from the cost reductions associated with the joint administration of these Chapter 11 Cases.

(b) KCC Retention

46. The Debtors propose to engage Kurtzman Carson Consultants LLC ("KCC") to act as claims and noticing agent, in order to assume full responsibility for the distribution of notices and maintenance, processing and docketing of proofs of claims filed in these Chapter 11 Cases. KCC is a bankruptcy administrator that specializes in providing comprehensive chapter 11 administrative services, including noticing, claims processing and other related services critical to the effective administration of large chapter 11 cases. KCC's retention should maximize efficiency in administering these Chapter 11 Cases and ease administrative burdens that otherwise would fall upon the Debtors and the Clerk of the United States Bankruptcy Court for the Southern District of New York.

47. The Debtors obtained and reviewed engagement proposals from at least two (2) other court-approved claims and noticing agents to ensure selection through a competitive process. Based on all engagement proposals obtained and reviewed, I believe that KCC will provide the most cost-effective and efficient service as the claims and noticing agent for these Chapter 11 Cases. Accordingly, the Debtors chose KCC based on its experience, reputation and the competitiveness of its fees. I believe that KCC is well-qualified to serve in the capacity of claims and noticing agent and that KCC's retention is in the best interests of the Debtors' estates and all parties in interest.

(c) Schedules and Statement Extension Motion

48. By the schedules and statement extension motion (the "Schedules and Statement Extension Motion"), the Debtors request a forty-five (45) day extension of time to file their: (i) schedules of assets and liabilities; (ii) schedules of current income and expenditures; (iii) schedules of executory contracts and unexpired leases; (iv) statements of financial affairs; and (v) additional documents, the filing of which is required by Rule 1007(b) of the Bankruptcy Rules (collectively, the "Schedules and Statements") through and including July 19, 2012. In addition, the Debtors are seeking a permanent waiver of the requirement that the Debtors file Schedules and Statements upon confirmation of the Prepackaged Plan.

49. The Debtors have begun compiling the information required to complete the Schedules and Statements. Nevertheless, due to the complexity of the Debtors' business operations and the limited time and resources available, the Debtors have not yet finished gathering such information.

50. Given the various operational matters that the Debtors' management and staff must attend to in the early days of these chapter 11 cases, particularly in light of the fact that it is the Debtors' peak selling season, as well as the volume of information that must be reviewed

and prepared for filing, I do not anticipate that the Debtors will be able to complete their Schedules and Statements within the fourteen (14) days required by the Bankruptcy Rules. Furthermore, compiling and consolidating the data required for the Schedules and Statements is a complex and time intensive task. I believe the attention of key personnel should be focused instead on the Debtors' critical operational and restructuring matters during the course of the bankruptcy because it will facilitate the Debtors smooth transition into chapter 11, and quick emergence from, these chapter 11 cases, especially in light of the fact that the Debtors are not intending to set a bar date for creditors. Accordingly, obtaining an extension of time to file, and potentially a waiver of the requirement to file, the Schedules and Statements will maximize the value of the Debtors' estates for the benefit of creditors and all parties in interest and the Debtors request approval of the Schedules and Statement Extension Motion.

(d) Notice Motion

51. Because the Debtors have thousands of creditors, converting the Debtors' computerized information to a format compatible with the creditor matrix requirements would be an exceptionally burdensome task and would greatly increase the risk of error with respect to information already intact on computer systems maintained by the Debtors or their agents.

52. After consulting with KCC, the Debtors believe, and I agree, that preparing the consolidated list of creditors in the format or formats currently maintained by the Debtors in the ordinary course of business will be sufficient to permit KCC to promptly provide notices to all applicable parties. Accordingly, the Debtors believe, and I agree, that maintaining their lists of creditors in electronic format rather than preparing and filing separate matrices is warranted under the circumstances and will maximize efficiency, increase accuracy, and reduce costs to the benefit of the estates.

53. Because the top twenty (20) creditor lists of several of the Debtors would overlap, and certain other Debtors may have fewer than twenty (20) identifiable unsecured creditors, the

Debtors submit that filing separate top twenty (20) lists would be of limited utility. In addition, the exercise of compiling separate top twenty (20) creditor lists for each individual Debtor would consume an excessive amount of the Debtors' time and resources. Further, the Debtors believe, and I agree, that a single, consolidated list of the Debtors' twenty (20) largest unsecured, non-insider creditors will aid the U.S. Trustee in its efforts to communicate with these creditors and is appropriate under the facts and circumstances.

54. The Debtors believe, and I agree, that publication of the Commencement Notice is the most practical method by which to notify those creditors who do not receive the Commencement Notice by mail and other creditors and parties-in-interest of the commencement of these chapter 11 cases and will ensure an efficient use of estate resources.

55. For the foregoing reasons, and the reasons discussed in the motion, the Debtors have determined, and I agree, that it is in the best interest of the Debtors, their estates and their creditors, and that it is beneficial to the Court and the Clerk's office, that the motion be granted.

C. Operational Motions

(a) Cash Management

56. By the cash management motion (the "Cash Management Motion"), the Debtors seek entry of an order authorizing the Debtors to: (i) maintain and use their existing bank accounts (the "Bank Accounts"), books, records and business forms; (ii) maintain and use their existing cash management system, (iii) provide superpriority status for intercompany receivables; and (iv) waive the deposit and investment guidelines of section 345 of the Bankruptcy Code.

57. As described in detail in the motion, the Debtors have maintained an integrated and efficient centralized cash management system to: (i) manage borrowing activity under various credit facilities, including an accounts receivable securitization facility, as well as interest payments on the Prepetition Secured Debt; (ii) manage the Debtors' cash flow and cash

needs by collecting and distributing funds generated from operations; (iii) manage the Debtors' investment activity; and (iv) transfer funds between and among the Debtors' and non-Debtor affiliates, both foreign and domestic (collectively, the "Cash Management System"). The Debtors' treasury department ("Treasury") exercises primary oversight over the Cash Management System.

58. The Debtors manage cash and investments in the Cash Management System through a rolling cash forecast model ("Cash Forecast") that shows all expected collections and cash disbursements on a daily basis. Treasury employees create the Cash Forecast for the year based on historical information and forecasts from various departments which tie into the Debtors' budget. Forecasted information includes: (i) a collections forecast based on forecasted sales and returns, with values updated with actual amounts as monthly activity becomes available; (ii) payroll forecasts based on employment changes and previous actual payroll disbursements; (iii) sales and use tax disbursement forecasts based on forecasted sales in various states and countries; and (iv) accounts payable forecasts calculated on a weekly basis. Treasury uses the Cash Forecast to reconcile the central Bank of America operating and concentration account (the "Operating Account"). Treasury employees also review the Cash Forecast daily to evaluate the Debtors' cash position and to make decisions regarding borrowing and investing.

59. The Cash Management System consists of forty (40) active bank accounts used for collection, disbursement and investments at thirteen (13) banking and investment institutions.

60. I am advised that the Operating Guidelines and financial Reporting Requirements for Debtors in Possession and Trustees (the "U.S. Trustee Guidelines") require,

among other things, that, unless the Court orders otherwise, a debtor (i) close all existing bank accounts and open new debtor in possession accounts at authorized depositories; and (ii) obtain checks that bear the designation "debtor in possession," among other things. Strict enforcement of the U.S. Trustee Guidelines in these chapter 11 cases, however, would needlessly distract management and staff from more critical operational and restructuring matters. Furthermore, the delays that would result from opening these accounts, revising cash management procedures and instructing customers to redirect payments to the would disrupt the ordinary financial operations of the Debtors and potentially destroy value. In addition, I believe requiring the Debtors to comply with the U.S. Trustee Guidelines would be inappropriate and inefficient in these cases given their prepackaged nature, and the fact that the Debtors anticipate emerging from chapter 11 in approximately one month. Accordingly, continued operation of the Cash Management System will greatly facilitate the Debtors' transition into, and quick emergence from, these chapter 11 cases, will avoid administrative inefficiencies, minimize delays in payment of the Debtors' obligations and preserve the value of the Debtors' estates.

61. I am also advised that section 345(a) of the Bankruptcy Code authorizes deposits of money, such as the Debtors' cash, in a manner that "will yield the maximum reasonable net return on such money, taking into account the safety of such deposit or investment." 11 U.S.C. § 345(a). However, for deposits that are not "insured or guaranteed by the United States or by a department, agency, or instrumentality of the United States or backed by the full faith and credit of the United States," section 345(b) of the Bankruptcy Code provides that a debtor in possession must require a bond from the entity with which the money is deposited or invested in favor of the United States secured by the undertaking of an adequate corporate surety. Alternatively, the debtor in possession may require the entity to deposit

securities of the kind specified in section 9303 of title 31 of the United States Code. Nevertheless, the Court may excuse strict performance of the deposit and investment requirements of section 345(b) of the Bankruptcy Code for "cause."

62. I believe that cause exists in these cases for waiving the investment and deposit guidelines of section 345 of the Bankruptcy Code for forty-five (45) days. First, sixteen (16) of the Debtors' accounts are fully insured by the FDIC and twenty-six (26) of the Debtors' accounts are maintained at banks that have been approved by the U.S. Trustee for the Southern District of New York. Furthermore, the remaining accounts are subject to an Investment Policy, as further described in the Cash Management Motion, that helps to ensure the safety and preservation of invested funds. Given the anticipated short duration of these chapter 11 cases, it would be inefficient and unnecessary for the Court to require the Debtors to open new investment accounts for the Debtors' funds. Accordingly, the Debtors request approval of the Cash Management Motion.

(b) Motion Authorizing Payment of Prepetition General Unsecured Claims

63. In light of (i) the anticipated short duration of these prepackaged chapter 11 cases and (ii) the proposed payment in full of general unsecured claims pursuant to the terms of the Prepackaged Plan, the Debtors seek the entry of an order authorizing the Debtors to pay certain prepetition liabilities in the ordinary course (such motion, the "Prepetition Claims Motion"). Such payments would be on account of prepetition liabilities to holders of undisputed claims that are not impaired under the Plan in accordance with section 1124 of the Bankruptcy Code (collectively, the "Unimpaired Claims"), including, without limitation, claims of (i) the Debtors' prepetition suppliers of goods and services; (ii) potential lienholders; (iii) advertisers; (iv) authors and licensors; (v) rent and utility service providers; (vi) external data and technology

support service providers; and (vii) consultants, legal advisors (except for those professionals subject to filing fee applications) and auditors that are not addressed in the First Day Motions (collectively, the "General Unsecured Creditors"). In exchange, the Debtors may, as appropriate and necessary, seek agreements from General Unsecured Creditors receiving payment on their Unimpaired Claims to continue to extend prepetition trade credit terms to the Debtors for the duration of these chapter 11 cases.

64. The overall purpose of these chapter 11 cases and the Prepackaged Plan is to implement a consensual balance sheet restructuring for the Debtors with payment in full to all of the Debtors' unsecured creditors. The Prepackaged Plan will provide the financial stability to allow the Debtors to continue their efforts to maintain and enhance their position as a leading publishing company in the United States. However, the Debtors maintain relationships with a wide variety of General Unsecured Creditors, and any loss of confidence regarding the Company's ability to honor its obligations to them would undermine the goals of the Prepackaged Plan by disrupting the Debtors' business and reducing the value of the Debtors' estates. Accordingly, granting the requested relief would maximize the value of the Debtors' estates in furtherance of the goals of this reorganization process.

65. Granting the requested relief would also facilitate a smooth transition into and out of bankruptcy by preserving the Company's relationships with its General Unsecured Creditors and enhancing the Debtors' credibility with its various constituencies. Furthermore, payment of certain of the Unimpaired Claims relate to deliveries of goods to the Debtors within the twenty (20) days prior to the Petition Date, should be afforded administrative expense priority status under section 503(b)(9) of the Bankruptcy Code and paid in full upon the effective date of any proposed plan of reorganization. As a result, granting the relief requested with

respect to these claims is merely an extension and acceleration of the required treatment under any proposed plan. In addition, the requested relief is contemplated by the Amended Procedural Guidelines for Prepackaged Chapter 11 Cases in the United States Bankruptcy Court for the Southern District of New York dated November 24, 2009 and no parties in interest will be prejudiced because all Unimpaired Claims will be paid in full under the Prepackaged Plan. Accordingly, the Debtors request approval of the Prepetition Claims Motion.

(c) Taxes Motion

66. By the taxes motion (the "Taxes Motion") the Debtors request entry of an order authorizing (but not directing) the Debtors to pay the relevant Taxing Authorities: (i) any Taxes that have accrued, but were not yet due and owing or were not paid in full, as of the Petition Date; and (ii) any prepetition Taxes that arose prior to the Petition Date that become due and owing during the pendency of the chapter 11 cases in the ordinary course of business. The Debtors also seek authority, in their discretion, to satisfy any Audit Amounts in the ordinary course of business and request that the Court authorize financial institutions to honor and process transfers, deposits, or checks issued by any of the Debtors on account of any prepetition Taxes that have not cleared as of the Petition Date.

67. The Debtors estimate that approximately $18 million in payroll taxes and $300,000 in remaining Taxes will come due during the course of these chapter 11 cases, exclusive of any Taxes that may have been paid prior to the Petition Date but had not yet cleared as of the Petition Date. Some, if not all, of the Taxing Authorities may initiate an audit of the Debtors if the Taxes are not paid on time. Such audits would unnecessarily divert the Debtors' attention away from the reorganization process and result in unnecessary expenses. Moreover, if the Debtors do not pay such amounts in a timely manner, the Taxing Authorities may attempt to suspend the Debtors' operations, file liens, seek to lift the automatic stay or pursue other

remedies could materially and immediately harm the Debtors' estates. In addition, a portion of the Taxes may be entitled to priority status and are entitled to payment in full on the effective date of any plan of reorganization. Paying such Taxes in the ordinary course will save the Debtors the potential interest expense (and penalties) that might otherwise accrue if the Taxes were not paid. The Taxing Authorities could also assert that certain of the Taxes are "trust fund" taxes that the Debtors are required to collect from third parties and hold in trust for the Taxing Authorities' benefit and that such Taxes are not property of the estate. As a result, payment of such Taxes would not prejudice the rights of any of the Debtors' other creditors.

68. I believe the Debtors' failure to pay the Taxes and Audit Amounts could have a material adverse impact on their ability to operate in the ordinary course of business, and thus harm the reorganization efforts to the detriment of all parties in interest. Accordingly, the Debtors request approval of the Taxes Motion.

(d) Insurance Motion

69. By this motion (the "Insurance Motion"), the Debtors seek authority to (i) continue their workers' compensation insurance program and policies for claims arising from or related to the workers' employment with the Debtors (the "Workers Compensation Program"); (ii) continue performing under general liability, automobile, global property damage liability, employer liability, umbrella and excess liability, media professional liability, fiduciary liability, crime, kidnap and ransom, real property damage, and directors' and officers' liability (collectively, the "Insurance Programs" and with the Workers Compensation Program, the "Programs"); (iii) to the extent necessary, renew the Programs, all in accordance with the same practices and procedures that were in effect before the Petition Date; and (iv) pay all premiums, deductibles and all other obligations arising under or in connection with the Programs (collectively, the "Insurance Obligations") that were due and payable or related to the period

before or after the Petition Date. The Debtors also seek an order directing the Debtors' banks to honor, process, and pay, to the extent funds are available in their accounts, any checks or wire transfer requests issued by the Debtors to satisfy the Insurance Obligations.

70. The Debtors are current on their prepetition premium and deductible payments for the Insurance Programs as of the Petition Date; however to the extent a premium or deductible payment relating to a period prior to the Petition Date is outstanding with respect to the Programs, the Debtors seek authority to make such payment.

71. As of the Petition Date, the Debtors believe they owe approximately $55,000 in Workers Compensation Program premium payments. The Debtors seek relief to make these payments in the ordinary course. The Debtors seek this authority in recognition of the critical necessity of keeping the Workers Compensation Program in place, and out of concern that delay in making such payments may have irreversible adverse consequences for the Debtors' coverage under the Workers Compensation Program.

72. The Insurance Programs are essential to the preservation of the Debtors' businesses, properties and assets, and in many cases the coverage is required by various regulations, laws and contracts that govern the Debtors' business conduct. If the Debtors are unable to continue making payments under the Insurance Programs, the Insurance Programs may be terminated. The Debtors would then be required to obtain replacement insurance on an expedited basis and at significant cost to the estates. If the Debtors were required to obtain replacement insurance and to pay a lump sum premium for such insurance in advance, this payment may be the same or greater than what the Debtors currently pay. Even if the Insurance Programs were not ultimately terminated, any interruption of payments would severely and

adversely affect the Debtors' ability to enter into future policies and finance premiums for future policies.

73. In view of the importance of maintaining the insurance coverage with respect to their business activities and the preservation of the Debtors' cash flow by paying their Insurance Obligations on a timely basis, the Debtors believe it is in their best interest and the best interests of their estates for the Court to authorize the Debtors to honor their obligations under the Insurance Programs. Any other alternative would likely require considerable cash expenditures and would be detrimental to the Debtors' chapter 11 efforts.

(e) Wages Motion

74. By this motion, the Debtors are seeking authority to (i) honor and pay all pre-petition wages, salaries, commissions and other accrued compensation (collectively, the "Wages") to their employees, project employees and independent contractors; (ii) honor and pay certain expenses that employees incurred on behalf of the Debtors in the scope of the employees' employment (the "Employee Business Expenses"); (iii) continue to honor certain other policies, programs and benefits the Debtors provide to their employees in the ordinary course of business (collectively, the "Benefits"); and (iv) honor and process the prepetition obligations with respect to payroll taxes and deductions in accordance with the Debtors' policies and prepetition practices. The Debtors also request that all applicable banks and financial institutions be authorized and directed to (i) honor prepetition payroll checks, drafts and transfers on or after the Petition Date and (ii) process and honor all other checks and transfers issued for payments related to Wages, Employee Business Expenses, Benefits, payroll taxes, and deductions.

75. The Debtors have a current workforce of approximately 3,300 employees nationwide - 3,245 of which are full time employees. The Debtors also currently employ approximately 581 independent contractors. The vast majority of these employees and

independent contractors rely exclusively on their full compensation, benefits and reimbursement of their expenses to continue to pay their daily living expenses. These employees and independent contractors will be exposed to significant financial difficulties if the Debtors are not permitted to pay the unpaid Wages and Benefits. The Debtors believe that if they are unable to honor all such obligations immediately, employee morale and loyalty will be jeopardized at a time when such support is critical.

76. The uninterrupted continuation of the Debtors' businesses is critically dependent upon a stable work force. The Debtors believe any significant number of employee departures or deterioration in morale at this time will quickly and substantially adversely impact the Debtors' businesses and result in immediate and irreparable harm to the estates and their creditors. If the Debtors are not authorized to continue to honor their pre-petition obligations to the employees and independent contractors in the ordinary course, there is a real risk that the employees and independent contractors would no longer support and maintain the operations of the Debtors, thereby crippling the Debtors' business operations and jeopardizing the prospects of a successful reorganization. Consequently, the Debtors strongly believe it is critical that they be permitted to pay the pre-petition Wages and continue with their ordinary course Benefit programs, that were in effect prior to the Petition Date.

(f) Solicitation Motion

77. By this motion, the Debtors are seeking authority to (I) schedule a combined hearing to consider (a) the approval of (1) the Disclosure Statement for the Prepackaged Joint Plan of Reorganization of the Debtors Under Chapter 11 of the Bankruptcy Code (the "Disclosure Statement") and (2) the Debtors' procedures with respect to the prepetition solicitation of votes to accept or reject the Prepackaged Joint Plan of Reorganization of the Debtors Under Chapter 11 of the Bankruptcy Code (the "Prepackaged Plan"); and (b)

confirmation of the Prepackaged Plan (the "Confirmation Hearing"); and (II) approving the form of notice of the combined Disclosure Statement hearing and the Confirmation Hearing (the "Combined Hearing").

78. I am advised that section 105(d)(2)(B)(vi) of the Bankruptcy Code authorizes a bankruptcy court to combine a hearing on the disclosure statement with a hearing on confirmation of a plan of reorganization. The Debtors submit that such a Combined Hearing in these chapter 11 cases will further the interests of judicial economy and maximize value to the Debtors' estates. The Debtors seek a speedy and orderly confirmation in order to retain their customer base, maintain the trust of their employees, preserve lenders' confidence in their ability to reorganize, facilitate a prompt distribution to their stakeholders and minimize disruption to the Debtors' businesses.

79. Prior to the Petition Date, the Debtors solicited votes on the Prepackaged Plan from holders of claims in Class 3 and equity interests in Class 8 – the only impaired classes entitled to vote to accept or reject the Prepackaged Plan. According to KCC, voting results indicate that Classes 3 and 8 have thus far voted overwhelmingly to accept the Prepackaged Plan. The Debtors believe that because the Prepackaged Plan will soon be accepted by the only two classes entitled to vote thereon, there is no reason to delay consideration of the adequacy of the Disclosure Statement, the solicitation procedures and the Prepackaged Plan.

80. The Debtors also believe that allowing them to serve the Combined Hearing notice (the "Notice") only on Impaired Classes, rather than all parties-in-interest, will save the Debtors time and expense, both to the benefit of their creditors. In addition, the Debtors believe that publishing the Notice in the national edition of The Wall Street Journal at least two weeks prior to the Combined Hearing will provide sufficient notice to presently unknown

creditors of the Debtors. The Debtors believe that in light of the prepetition negotiations with the Senior Creditors and for the reasons set forth above, the proposed procedures for serving the Notice will provide sufficient notice of the commencement of the chapter 11 cases, the date, time and place of the Combined Hearing, and the procedures for objecting to the adequacy of the Disclosure Statement and solicitation procedures or confirmation of the Prepackaged Plan.

81. Furthermore, the Debtors submit that providing a copy of the Disclosure Statement and the Prepackaged Plan to all holders of claims against, or equity interests in, the Debtors, is unnecessary and unduly burdensome on the Debtors' estates. The Debtors respectfully request that the Court waive the requirements with respect to unimpaired classes and the impaired class deemed to reject under the Prepackaged Plan. The Notice shall state that any creditor or other party-in-interest who desires to receive a copy of the Disclosure Statement and/or the Prepackaged Plan may obtain a copy thereof from the website to be maintained by KCC, the Debtors' voting agent (www.kccllc.net/hmhco). In addition, the Debtors will provide a copy of the Disclosure Statement and the Prepackaged Plan to (i) the Office of the United States Trustee; (ii) the Securities and Exchange Commission; (iii) counsel to any committee appointed by the United States Trustee (if any); and (iv) the District Director of the Internal Revenue Service.

82. The Debtors undertook or caused to be undertaken the solicitation procedures described in the Solicitation Motion. The Debtors believe that the solicitation procedures are in accordance with the Bankruptcy Code and the Bankruptcy Rules and should be approved.

83. I have reviewed the Solicitation Motion and believe that the facts stated therein are accurate to the best of my knowledge, information, and belief. I further believe that

entry of the order approving the Solicitation Motion and the Confirmation Order are in the best interests of the Debtors, their estates, and all parties-in-interest.

(g) DIP Motion

84. Contemporaneously with negotiating a restructuring support agreement with the Informal Creditor Group, the Debtors, through Blackstone, have solicited new financing proposals from various financial institutions, private equity firms, and hedge funds which have historically been providers of debtor-in-possession and exit financing, including the Debtors' existing capital structure constituents.

85. The Debtors' efforts to obtain debtor-in-possession and exit financing were complicated by the Debtors' high level of secured debt, the fact that substantially all of the Debtors' assets are encumbered and the challenging market for any type of financing.

86. Facing an increasing liquidity shortfall, the Debtors and Blackstone began good faith negotiations with parties who were viewed as qualified to provide the Debtors with fully committed debtor-in-possession and exit financing in the short timeframe required. The Debtors and Blackstone solicited interest from no less than seven potential lenders, including several prepetition secured lenders, regarding their willingness to provide postpetition and exit financing to the Debtors. After active due diligence and management presentations, only a limited number of the potential lenders expressed interest in committing to any term financing, and none was willing to commit postpetition financing on an unsecured or junior secured basis.

87. Out of all the financing proposals, Citibank Global Markets Inc. was the only party to submit a binding commitment letter with associated term sheet, which evolved into the proposed debtor-in-possession and exit financing facilities (the "DIP/Exit Facilities").

88. The Debtors' business is affected by seasonal swings in liquidity, with cash needs highest in the second and third quarters of each calendar year. As negotiated, the

DIP/Exit Facilities, which permit the Debtors to obtain up to $500 million of available postpetition and exit financing, will allow the Debtors to stabilize their operations, establish prudent cash balances and meet their liquidity needs, both postpetition and after emergence from these chapter 11 cases. The proceeds of the DIP/Exit Facilities will be used to refinance the Prepetition Receivables Facility, pay vendors and suppliers while minimizing disruption to day-to-day operations, fund restructuring costs and necessary capital expenditures, satisfy working capital and operational needs, and make the adequate protection payments. In determining the amount of the adequate protection payments, the Debtors took into consideration, among other things, the following factors: (i) the lenders' agreement under the First Lien Credit Facility to forbear on interest payments in the amount of approximately $15.1 million due on May 10, 2012, to alleviate the liquidity pressures facing the Debtors; (ii) the amount of accrued and unpaid interest through June 30, 2012 with respect to the Prepetition Secured Debt, which is approximately $59 million (including the $15.1 million interest payment noted above); (iii) the Informal Creditor Group's consent to being primed by the DIP/Exit Facilities and agreement to forego receipt of periodic payments during these chapter 11 cases; and (iv) the prepetition secured creditors' overall consent under the Prepackaged Plan to the complete equitization of the Prepetition Secured Debt.

89. The Debtors' negotiated the terms of the DIP/Exit Facilities at arm's length and in good faith, with all parties represented by counsel. The Debtors believe that the negotiated terms, including various commitment and agency fees thereunder, are fair, reasonable and adequate and the best available given the Debtors' circumstances. Indeed, the terms and conditions of the funding to be provided under the proposed DIP/Exit Facilities are more favorable – or as favorable – to the Debtors (on the basis of price and economics and other

factors) than those available from other lenders. In addition, the Informal Creditor Group does not object to the terms of the DIP/Exit Facilities.

90. The proposed DIP/Exit Facilities will provide immediate access to capital needed to, among other things, continue the operation of the businesses, maintain business relationships with vendors and customers, and pay employees and vendors while minimizing disruptions to day-to-day operations, thereby stabilizing the Debtors' operations. The proposed DIP/Exit Facilities also permit the Debtors to establish prudent cash balances and meet their liquidity needs while in chapter 11 and post-emergence.

91. After careful consideration, the Debtors view the DIP/Exit Facilities as necessary under the circumstances to preserve value for creditors and stakeholders. The DIP/Exit Facilities provide Debtors the liquidity they need to operate their businesses during these chapter 11 cases, thus permitting the Debtors to effectively restructure, while establishing an appropriate cash balance for the company of this size. Without postpetition financing, the Debtors would be unable to operate their businesses as a going concern, which would significantly impair the value of the Debtors' assets to the detriment of all constituents. Furthermore, by obtaining postpetition financing, the Debtors will be in a position to preserve the value of their assets for the benefit of all of the Debtors' stakeholders.

92. Without access to the DIP/Exit Facilities, the Debtors will be irreparably harmed.

V.

Information Required by Local Bankruptcy Rule 1007-2

93. Local Rule 1007-2 requires certain information related to the Debtors, which I have provided in the exhibits attached hereto as Exhibits B, C, D, E, F, G, H, I, J, K, L

and M. Specifically, these exhibits contain the following information with respect to the Debtors:[5]

- Exhibit A – Corporate Organizational Chart
- Pursuant to Local Rule 1007-2(a)(3), Exhibit B hereto provides the following information: the names and addresses of the members of, and attorneys for, any committee organized prior to the Petition Date and a brief description of the circumstances surrounding the formation of the committee and the date of its formation.
- Pursuant to Local Rule 1007-2(a)(4), Exhibit C hereto provides the following information with respect to each of the holders of the Debtors' 20 largest unsecured claims on an consolidated basis, excluding claims of insiders: the creditor's name, address (including the number, street, apartment, or suite number, and zip code, if not included in the post office address); telephone number; the name(s) of person(s) familiar with the Debtors' account; the nature and approximate amount of the claim; and an indication of whether the claim is contingent, unliquidated, disputed, or partially secured.
- Pursuant to Local Rule 1007-2(a)(5), Exhibit D hereto provides the following information with respect to each of the holders of the five largest secured claims against the Debtors: the creditor's name, address (including the number, street, apartment, or suite number, and zip code, if not included in the post office address); the amount of the claim; a brief description of the claim; an estimate of the value of the collateral securing the claim and whether the claim or lien is disputed.
- Pursuant to Local Rule 1007-2(a)(6), Exhibit E hereto provides a summary of the Debtors' assets and liabilities.
- Pursuant to Local Rule 1007-2(a)(7), Exhibit F attached hereto provides information on the Debtors' outstanding publicly held securities.
- Pursuant to Local Rule 1007-2(a)(8), Exhibit G hereto provides the following information with respect to any property in possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, or secured creditors, or agent for

[5] The information contained in the Exhibits attached to this declaration shall not constitute an admission of liability by, nor is it binding on, the Debtors. Except as provided herein or in the orders approving the DIP Facility, the Debtors reserve all rights to assert that any debt or claim listed herein is a disputed claim or debt, and to challenge the priority, nature, amount or status of any such claim or debt. The descriptions of the collateral securing the underlying obligations are intended only as brief summaries. In the event of any inconsistencies between the summaries set forth below and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control.

such entity: the name, address, and telephone number of such entity and the court in which any proceeding relating thereto is pending.

- Pursuant to Local Rule 1007-2(a)(9), Exhibit H hereto provides a list of the premises owned, leased, or held under other arrangement from which the Debtors operate their business.

- Pursuant to Local Rule 1007-2(a)(10), Exhibit I hereto sets forth the location of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

- Pursuant to Local Rule 1007-2(a)(11), Exhibit J hereto provides a list of the nature and present status of each action or proceeding, pending or threatened, against the Debtors or their property where a judgment or seizure of their property may be imminent.

- Pursuant to Local Rule 1007-2(a)(12), Exhibit K hereto sets forth a list of the names of the individuals who comprise the Debtors' existing senior management, their 36

- tenure with the Debtors, and a brief summary of their relevant responsibilities and experience.

- Pursuant to Local Rule 1007-2(b)(1)-(2)(C), Exhibit L hereto provides the estimated amount of payroll to the Debtors' employees (not including officers, directors, and stockholders) and the estimated amounts to be paid to officers, stockholders, directors, and financial and business consultants retained by the Debtors, for the 30 day period following the filing of the Debtors' chapter 11 petitions.

- Pursuant to Local Rule 1007-2(b)(3), Exhibit M hereto provides a schedule for the 30-day period following the filing of these chapter 11 cases, of estimated cash receipts and disbursements, net cash gain or loss, obligations and receivables expected to accrue but remain unpaid, other than professional fees, and any other information relevant to an understanding of the foregoing.

I declare under penalty of perjury that the foregoing is true and correct.

Date: May 21, 2012

/s/ William F. Bayers
Name: William F. Bayers
Title: Executive Vice President and General Counsel

Exhibit A

COMPANY STRUCTURE CHART

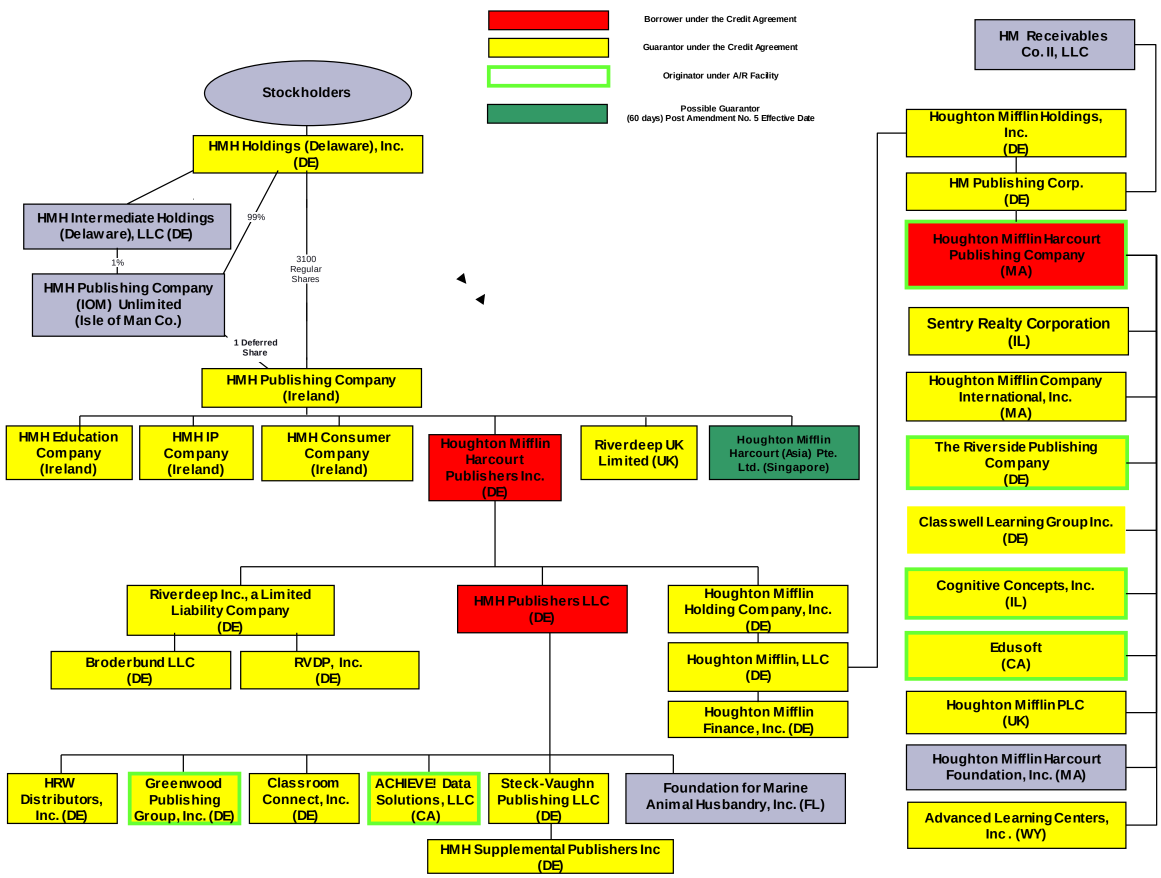

Exhibit B

Unofficial Committees

Pursuant to Local Rule 1007-2(a)(3), the following is a list of the names and addresses of the members and attorneys for any *ad hoc* committee organized prior to the Petition Date.

The Informal Creditor Group was formed in or around March 2012 to collaborate with HMH on the terms of a consensual restructuring.

Committee	Committee Member	Counsel for Committee
Informal Creditor Group	Anchorage Capital Group, L.L.C. 610 Broadway, 6th Floor New York, NY 10012	**Ira Dizengoff, Esq. and Philip Dublin, Esq.** Akin Gump Strauss Hauer & Feld, LLP One Bryant Park New York, New York 10036
	Apollo Management Holdings, L.P. 9 West 57th Street, 43rd Floor New York, NY 10019	
	Avenue Capital Group 399 Park Avenue New York, NY 10022	
	Blackrock Financial Management, Inc. 55 E. 52nd Street New York, NY 10055	
	Knighthead Capital Management LLC. 623 Fifth Avenue, 29th Floor New York, NY 10022	
	Oakhill Advisors, L.P. 1114 Avenue of the Americas, 27th Floor	

	New York, NY 10036	
	Paulson & Co., Inc. 1251 Avenue of the Americas, 50th Fl. New York, NY 10020	
	Q Investments, L.P. 301 Commerce Street Suite 3200 Fort Worth, TX 76102-4140	
	WCAS Fraser Sullivan Investment Management, LLC 400 Madison Ave, 9th Floor New York, NY 10017	

Exhibit C

Consolidated List of the Holders of the 20 Largest Unsecured Claims of the Debtors

Pursuant to Local Rule 1007-2(a)(4), the following provides information with respect to the holders of the 20 largest unsecured claims against the Debtors on a consolidated basis.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. The Debtors reserve all rights to assert that any debt or claim listed herein is a disputed claim or debt, and to challenge the priority, nature, amount or status of any such claim or debt. In the event of any inconsistencies between the summaries set forth below and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control. The schedule estimates outstanding claim amounts (including principal and interest) as of May 18, 2012.

Creditor	Contact Mailing Address	Telephone Number	Person Familiar with Account	Nature of Claim	Amount of Claim (as of May 18, 2012)	Status of Claim
RRD- Receivables Inc.	P.O. Box 13654 Newark, NJ 07188-3654	630-322-6586	Kristen Polewski	Trade Debt	$20,298,620	Unliquidated
WL-Williams Lea Inc.	1 Dag Hammarskjold Plaza, 8th Floor New York, NY 10017	212-351-9119	Matt Alcorn	Trade Debt	$20,960,119	Unliquidated
Marshall Cavendish International (s) PTE	Times Centre 1 New Industrial Road Singapore 536196	011-65-6213-9521	Joy Tan	Trade Debt	$6,739,080	Unliquidated
RRD-Asia Printing Solutions	3 On Yiu Street, Shek Mun, NT Hong Kong	781-505-6006	Eileen R. Ly	Trade Debt	$5,615,703	Unliquidated
Kue Digital Inc., DBA Global Scholar	1100 112th Avenue NE Suite 100 South Building Bellevue, WA 98004	425-646-5776	Kal Raman	Production Vendor	$4,500,00	Unliquidated
Bulkley Dunton Publishing Group	P.O. Box 403565 Atlanta, GA 30384-3656	212-863-1835	Tony V Occhiuto	Trade Debt	$4,068,807	Unliquidated
Cengage Learning	5191 Natorp Blvd. Mason, OH 45040	613-968-4195	Christine Vitanopoulos	Trade Debt	$3,326,774	Unliquidated
Central National Gottesman Inc. (Lindenmeyr)	990 Washington Street Dedham, MA 02026	781-326-2121	Steven Wright	Manufacturing /Paper Supplier	$2,562,186	Unliquidated

Creditor	Contact Mailing Address	Telephone Number	Person Familiar with Account	Nature of Claim	Amount of Claim (as of May 18, 2012)	Status of Claim
Cognizant Technology Solutions	500 Frank W. Burr Blvd Teaneck, NJ 07666	201-923-2445	Badri Ramanujachari	Third Party IT Supplier	$2,090,609	Unliquidated
American Express	P.O. Box 410406 Salt Lake City, UT 84141	512-207-6860	Donna Janeczko	Trade Debt	$1,700,639	Unliquidated
ADP National Account Service	99 Jefferson Rd Parsippany, NJ 07054	801-956-7656	Gayle Kuhr	Services Vendor	$1,632,632	Unliquidated
Trendset Inc.	4 Interchange Blvd. Greenville, SC 29607-5700	864-527-4383	Deanna Moore	Transportation	$1,557,715	Unliquidated
Phoenix Color Corp	11631 Caroline Road Philadelphia, PA 19154	800-632-411 x 2507	Jennifer Dick	Trade Debt	$1,548,153	Unliquidated
Texas Education Agency	1701 N. Congress Ave. Austin, TX 78701	512-463-9734	Robert Scott	Trade Debt	$1,216,311	Unliquidated
APC Workforce Solutions LLC	420 S. Orange Avenue Suite 600 Orlando, FL 32801-4902	407-770-6176	Jinnene Marin	Temporary Staffing	$906,200	Unliquidated
McKinsey & Company Inc.	P.O. Box 7247-7255 Philadelphia, PA 19170-7255	202-662-0939	William Wolf	Consulting	$897,000	Unliquidated
Penguin Group USA	1 Lake St. Upper Saddle River, NJ 07458	212-366-2000	Laura Ceminaro	Trade Debt	$774,992	Unliquidated
Laserwood Private Limited	P.O. Box 2865 Buffalo, NY 14209	508-520-0262	Mark O’Brien	Production Vendor	$665,081	Unliqidated
Six Red Marbles	P.O. Box 37038 Baltimore, MD 21208	857-362-0018	Katie Turcot	Production Vendor	$446,696	Unliquidated
Edu 2000 America	5743 Corsa Ave Suite 222 Ventura, CA 91362	818-516-2178	Rob Fiance	Trade Debt	$327,495	Unliquidated

Exhibit D

Consolidated List of the Holders of the Largest Secured Claims

Pursuant to Local Rule 1007-2(a)(5), the following lists the Debtors' largest secured claims on a consolidated basis.

The information contained herein shall not constitute an admission of liability by, nor is it binding on, the Debtors. Except as otherwise provided in the DIP Orders, the Debtors reserve all rights to assert that any debt or claim listed herein is a disputed claim or debt, and to challenge the priority, nature, amount or status of any such claim or debt. The descriptions of the collateral securing the underlying obligations are intended only as brief summaries. In the event of any inconsistencies between the summaries set forth below and the respective corporate and legal documents relating to such obligations, the descriptions in the corporate and legal documents shall control. The schedule estimates outstanding claim amounts (including principal and interest) as of May 14, 2012 unless otherwise provided.

Creditor	Contact Mailing Address	Amount of Claim	Type of Collateral	Book Value of Collateral
Citibank, N.A., as successor collateral agent for certain secured parties[1]	Citibank, N.A. 1615 Brett Road, Ops III New Castle, DE 19720 Attn: Todd McBride Fax: 212-994-0961	First Lien Term Loan $2,589.8 mm First Lien Termed Revolver $237.5 mm	Blanket Lien on materially all the assets (subject to customary permitted liens and other exclusions) (the "Credit Agreement Collateral").	$ 2,696.9 mm (including intangible assets such as good will, trade names, and publishing rights)
The Bank of New York Mellon Trust Company, N.A., as collateral agent for certain secured parties[2]	The Bank of New York Mellon Trust Company, N.A. 525 William Penn Place, 38th Floor Pittsburgh, PA 1525 Attn: Corporate Trust Administration	10.5% Notes due 2019 $314.9 mm	Blanket Lien over the Credit Agreement Collateral ranking equally and ratably with the above-entry.	$2,696.9 mm (including intangible assets such as goodwill, trade names, and publishing rights)

[1] The Creditor holds this secured claim as successor collateral agent for the secured parties under that certain First Lien Credit Agreement dated as of December 12, 2007 (as amended and restated supplemented or otherwise modified from time to time) among Houghton Mifflin Harcourt Publishers Inc. ("HMH Publishers Inc."), HMH Publishers LLC, Houghton Mifflin Harcourt Publishing Company (collectively, the "Borrower") HMH Holdings (Delaware), Inc, HMH Publishing Company, the lenders party there, Citibank, N.A., as administrative Successor, as collateral agent, and related documents.

[2] The Creditor holds this secured claim as collateral agent for the holders of certain notes (the "10.5% Notes") issued by HMH Publishers Inc. and Houghton Mifflin Harcourt Publishing Company under that certain Indenture dated May 26, 2011. The 10.5% Notes are secured on an equal and ratable basis with the obligations issued under the First Lien Credit Agreement referred to in the immediately preceding footnote.

Creditor	Contact Mailing Address	Amount of Claim	Type of Collateral	Book Value of Collateral
	Fax: 412-234-7535			
Wells Fargo Bank, National Association, a national association, as issuer of certain letters of credit	Wells Fargo Bank, National Association Wholesale Loan Servicing East 7711 Plantation Road Roanoke, VA 24019 Fax: 704-715-0099 *With a copy to* Wells Fargo Bank National Association Regional Commercial Banking Office 101 Federal St. Suite 2020 Boston, MA 02110 Attn: Jeffrey Kinney Fax: 617-723-0647	L/C Facility $26.8 mm outstanding as of May 14, 2012	First-priority security interest in HMH Publishers, Inc.'s bank account number 2000052726974.	$26.8 mm

Exhibit E

Summary of the Debtors' Assets and Liabilities

The following financial data is the latest available information and reflects the Debtors' financial condition, as consolidated with its affiliated debtors as of March 31, 2012. The following financial data shall not constitute an admission of liability by the Debtors. The Debtors reserve all rights to assert that any debt or claim included herein is a disputed claim or debt or challenge the priority, nature, amount or status of any claim or debt.

Summary of Debtors' Assets and Liabilities[1]:

Total Assets (Book Value): $ 2,680 mm
Total Liabilities: $ 3,535 mm

As comprised of[2]:

Houghton Mifflin Harcourt Publishers Inc.

Total Assets (Book Value): $ 12 mm
Total Liabilities: $ - mm

Houghton Mifflin Harcourt Publishing Company

Total Assets (Book Value): $ 2,407 mm
Total Liabilities: $ 492 mm

Greenwood Publishing Group, Inc.

Total Assets (Book Value) $ 186 mm
Total Liabilities $ 4 mm

The Riverside Publishing Company

Total Assets (Book Value): $ 73 mm
Total Liabilities: $ 31 mm

Advanced Learning Centers, Inc.

Total Assets (Book Value): $ 7 mm
Total Liabilities: $ 1 mm

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[1] Total Liabilities includes principal and interest owed on account of the First Lien Facility and the 10.5% Notes as of March 31, 2012.

[2] These figures do not reflect liabilities on account of the First Lien Facility or the 10.5% Notes.

Exhibit F

Publicly Held Securities

Pursuant to Local Rule 1007-2(a)(7), listed below are the number and classes of shares of stock, debentures, or other securities of the Debtors that are publicly held and the number of holders thereof, listing separately those held by each of the Debtors' officers and directors and the amounts so held.

Pursuant to Local Rule 1007-2(a)(7), to the best of my knowledge, information and belief, there are no publicly held securities.

Exhibit G

Debtors' Property Not in Debtors' Possession

Pursuant to Local Rule 1007-2(a)(8), the following lists the Debtors' property, as of the Petition Date[1], that is in the possession or custody of any custodian, public officer, mortgagee, pledge, assignee of rents, secured creditor, or agent for any such entity.[2]

Type of Property	Person or Entity in Possession of Property	Approximate Value	Address & Telephone Number of Person or Entity in Possession of Property
Inventory	Florida School Book	$12,076,837	Robin Fields 1125 Ellis Rd. N Jacksonville, FL 32254 Ph: (904) 781-7191 x221
Inventory	Northwest Textbook	$2,538,184	Linda Leighty 17970 Southwest McEwan Rd Portland, OR 97224 Ph: (503) 639-3193
Inventory	Archway - Oklahoma	$2,466,104	Kenia Ruiz 5600 SW 36th St Oklahoma City, OK 73179 Ph: (405) 681-9588 x105
Inventory	Mountain State School Book	$2,418,113	Linda Leighty 17970 Southwest McEwan Rd. Portland, OR 97224 Ph: (503) 639-3193
Inventory	Tennessee Book Company	$2,184,508	Mandy Bolin 1550 Heil Quaker Blvd

1 This information was gathered on April 30, 2012. The Debtors do not believe that there has been appreciable changes in inventory amounts between April 30, 2012 and the Petition Date.

2 In addition to the properties listed above, in the ordinary course of business, property of the Debtors is likely to be in the possession of various other persons, including maintenance providers, shippers, common carriers, materialmen, custodians, public officers, mortgagees, pledges, assignees of rents, secured creditors or agents. Through these arrangements, the Debtors' ownership interest is not affected. In light of the movement of this property, providing a comprehensive list of the persons or entities in possession of the property, their addresses and telephone numbers, and the location of any court proceedings affecting such property would be impractical if not impossible.

			La Vergne, TN 37086 Ph: (615) 213-7959
Inventory	Publishers Warehouse	$1,985,759	Patsy Cato 2700 Crestwood Blvd Birmingham, AL 35210 Ph: (205) 956-2078
Inventory	School Book Supply LA	1,506,292	Chris Davis 9380 Ashland Rd., Ste. 190 Gonzales, LA 70737 Ph: (225) 647-0717
Inventory	School Book Supply Co.	$1,491,254	David Jeffreys 4365 Michael Avalon St Jackson, MS 39209 Ph: (601) 352-7272
Inventory	Educators Book Depository	$1,393,420	Claira Burns 6700 Sloane Dr Little Rock, AR 72206 Ph: (501) 490-0007
Inventory	R L Bryan Company	$950,727	Steve Harper 301 Greystone Blvd. Columbia, SC 29210 Ph: (803).343.6708
Inventory	Archway – New Mexico	$926,756	Kenia Ruiz 1600 1st Street NW Albuquerque, NM 87102 Ph: (405) 681-9588 x105
Inventory	The James & Law Co.	$558,229	Gib Brown 217 W. Main St Clarksburg, WV 26301 Ph: (304) 624-7401
Inventory	Caxton Printers	$112,403	Gayla Tyson 312 Main Street Caldwell, ID 83605 Ph: (208) 459-7421
Inventory	Peribo Pty Limited	$24,487	Michael Coffey 58 Beaumont Rd. Mt Kuring-Gai, NSW 2080 Australia Tel. +61 (0) 2 9457 0011 Fax +61 (0) 2 9457 0022
Inventory	Resolve Corporation – TX	$0 – Cengage	Not HMH Inventory

Inventory	PBD – GA	$0 – Cengage	Not HMH Inventory

Vendor Locations

Type of Property	Person or Entity in Possession of Property	Approximate Value	Address & Telephone Number of Person or Entity in Possession of Property
Inventory	RRD - Willard	$1,494,940	RRD - Willard 1145 Conwell Ave Willard, OH 44890 Fax: (419) 933-5520 Ph: (419) 933-5450
Inventory	RRD – Jefferson City	$1,092,378	RRD – Jefferson City 321 Wilson Drive Jefferson City, MO 65109 Fax: (573) 635-5745 Ph: (617) 247-7007
Inventory	RRD-GM-Intl Only	$1,061,803	RRD-GM-Intl Only Tengfei Industrial Bldg Shenzhen, Guangdong PRC 518038, 190 CN
Inventory	RRD – Crawfordsville	$774,038	RRD – Crawfordsville 600 State Road 32 West Crawfordsville, IN 47933
Inventory	RRD – Owensville	$493,253	RRD – Owensville 1005 Commercial Drive Owensville, MO 65066 Fax: (573) 437-3134 Ph: (537) 437-1434
Inventory	WL-Webcrafters-Madison-Fordem Facil	$402,312	WL-Webcrafters-Madison-Fordem Facil 2211 Fordem Ave Madison, WI 53704
Inventory	RRD – Midway	$377,304	RRD – Midway 800 Midway Rd Menasha, WI 54952
Inventory	WL-Courier-Kendallville	$366,518	WL-Courier-Kendallville 2500 Marion Drive

			Kendallville, IN 46755 Ph: (312) 681-6454
Inventory	RRD – Asia Printing Solutions	$341,634	RRD – Asia Printing Solutions Unit 2307-10 23/F NT HK
Inventory	RRD – Harrisonburg South	$272,911	RRD – Harrisonburg South 1025 Willow Springs Road Harrisonburg, VA 22801 Fax: (540) 564-3982 Ph: (540) 564-3942
Inventory	WL–Mercury Print Productions–Roches	$213,223	WL-Mercury Print Productions-Roches 515 Lee Road Rochester, NY 14606 Ph: (312) 681-6454
Inventory	WL-Nordica-Guangzhou-Guangzhou Plan	$182,174	WL-Nordica-Guangzhou-Guangzhou Plan No. 349 Caixin Rd., Man Sang Industrial Guangzhou, CN Ph: (312) 681-6454
Inventory	WL-Press of Ohio-Brimfield-Ohio Div	$111,864	WL-Press of Ohio-Brimfield-Ohio Div 3765 Sunnybrook Road Kent, OH 44240 Ph: (312) 681-6454
Inventory	WL-Edwards Brothers-Ann Arbor	$87,973	WL-Edwards Brothers-Ann Arbor 2500 South State Street Ann Arbor, MI 48104 Ph: (312) 681-6454
Inventory	RRD-GM-Domestic Only	$87,835	RRD-GM-Domestic Only 675 Brighton Beach Road Menasha, WI 54952 Fax: (312) 527-6240
Inventory	WL-R W Patterson Printing-Benton	$86,423	WL-R W Patterson Printing – Benton 1550 Territorial Rd Benton Harbor, MI 49022 Ph: (312) 681-6454
Inventory	WL-Bradford & Bigelow-Newburyport	$46,587	WL-Bradford & Bigelow-Newburyport 3 Perkins Way

			Newburyport, MA 01950 Ph: (312) 681-6454
Inventory	WL-Press of Ohio-Woodstock-DB Hess	$45,107	WL-Press of Ohio- Woodstock-DB Hess 1530 McConnell Road Woodstock, IL 60098 Ph: (312) 681-6454
Inventory	WL-Dunn & Co Inc-Clinton (HQ)	$42,815	WL-Dunn & Co Inc- Clinton (HQ) 75 Green Street Clinton, MA 01510 Ph: (312) 681-6454
Inventory	RRD-Reynosa/McAllen	$37,612	RRD-Reynosa/McAllen 6800 S 33rd St McAllen, TX 78503 Fax: (956) 618-6219 Ph: (956) 618-6233
Inventory	WL-Turnkey Solutions-La Vista (HQ)	$34,238	WL-Turnkey Solutions-La Vista (HQ) 12001 Cary Circle La Vista, NE 68128 Ph: (312) 681-6454
Inventory	WL-Transcontinental-Beauceville	$27,672	WL-Transcontinental- Beauceville 150 181st Street Beauceville, QC G5X 3P3 CA Ph: (312) 681-6454
Inventory	WL-TWP America-New York (HQ)	$25,630	WL-TWP America-New York (HQ) 84 Wooster St New York, NY 10012 SG Ph: (312) 681-6454
Inventory	WL-Quebecor World-Versailles	$20,439	WL-Quebecor World- Versailles 100 US Bypass 60 Versailles, KY 40384 Ph: (312) 681-6454
Inventory	RRD-Roanoke/Salem	$18,045	RRD-Roanoke/Salem 6450 Technology Drive Salem, VA 24153
Inventory	WL-Courier-Westford	$16,387	WL-Courier-Westford 22 Town Farm Road Westford, MA 01886 Ph: (312) 681-6454

Inventory	WL-Commercial Communications-Hartland	$16,239	WL-Commercial Communications-Hartland 1225 Walnut Ridge Dr. Hartland, WI 53029 Ph: (312) 681-6454
Inventory	RRD-Harrisonburg North	$13,267	RRD-Harrisonburg North 1400 Kratzer Road Harrisonburg, VA 22801
Inventory	WL-Edwards Brothers-Lillington-	$12,227	WL-Edwards Brothers-Lillington- 800 Edwards Drive Lillington, NC 27546 Ph: (312) 681-6454
Inventory	Holum & Sons Co Inc	$11,982	Holum & Sons Co Inc 740 N Burr Oak Dr Westmont, IL 60559 Fax: (630) 654-8222 Ph: (630) 654- 8222
Inventory	Courier Companies Inc	$11,361	Courier Companies Inc 3094 Lester Drive Kendallville, IN 46755 Fax: (260) 347- 9094 Ph: (260) 349- 6808
Inventory	WL-Worzalla Publishing-Stevens Point	$9,884	WL-Worzalla Publishing-Stevens Point 3535 Jefferson St. Stevens Point, WI 54481 Ph: (312) 681-6454
Inventory	WL-Strategic Content Imaging Corp	$5,936	WL-Strategic Content Imaging Corp 374 Starke Road Carlstadt, NJ 07072 Ph: (312) 681-6454
Inventory	WL-Bind Rite Robbinsville LLC	$5,634	WL-Bind Rite Robbinsville LLC 1 Applegate Drive South Robbinsville, NJ 08691 Ph: (312) 681-6454
Inventory	WL-Leo Paper Products-Guangzhou (HQ)	$5,119	WL-Leo Paper Products-Guangzhou (HQ) Industrial Develop Area Xijang River Gulao Town Heshan Guangzhou, CN Ph: (312) 681-6454
Inventory	WL-Edwards Brothers-Geneva-Digital	$5,085	WL-Edwards Brothers-Geneva-Digital 1900 S Batavia Ave Geneva, IL 60134 Ph: (312) 681-6454
Inventory	WL-Toppan Excel (Hongkong) Co Ltd	$4,967	WL-Toppan Excel (Hongkong) Co Ltd 20th Fl 169 Electric Rd

			North Point, HK Ph: (312) 681-6454
Inventory	WL-ETA/Cuisenaire-Vernon Hills	$4,106	WL-ETA/Cuisenaire-Vernon Hills- 500 Greenview Ct Vernon Hills, IL 60061 Ph: (312) 681-6454
Inventory	Stromberg Allen & Co	$4,010	Stromberg Allen & Co 18504 W Creek Drive Tinley Park, IL 60477 Fax: (773) 847-6673 Ph: (773) 847-7131
Inventory	WL-Quebecor World-Fairfield	$3,384	WL-Quebecor World-Fairfield 100 N Miller Street Fairfield, PA 17320 Ph: (312) 681-6454
Inventory	Cornell University	$2,409	Cornell University 159 Sapsucker Woods Road Ithaca, NY 14850 Ph: (607) 6254-2473
Inventory	WL-Quebecor World-Taunton	$2,202	WL-Quebecor World-Taunton 1133 County Street Taunton, MA0 2780 Ph: (312) 681-6454
Inventory	WL-Winter & Company-Quincy (HQ)	$1,697	WL-Winter & Company-Quincy (HQ) 40 Oval Rd Ste 1 Quincy, MA 02170 Phone: (312) 681-6454
Inventory	Brick & Ballerstein Inc	$1,199	Brick & Ballerstein Inc 1085 Irving Avenue Ridgewood, NY 11385-5745 Fax: (718) 366-0149 Ph: (718) 497-1400
Inventory	WL-Alliance Print Group Inc - Boston	$1,117	WL-Alliance Print Group Inc - Boston 933 East 2nd Street Boston, MA 02127 Ph: (312) 681-6454
Inventory	WL-LMS Acquisitions-Austin (HQ)	$833	WL-LMS Acquisitions-Austin (HQ) 2032 Centimeter Circle Austin, TX 78758 Ph: (312) 681-6454
Inventory	Burt Rigid Box Inc	$162	Burt Rigid Box Inc 58 Brown Street Oneonta, NY 13820 Fax: (607) 433-2512 Ph: (607) 433-2510
Inventory	WL-Quebecor World-Martinsburg	$145	WL-Quebecor World-Martinsburg

			871 Baker Road Martinsburg, WV 25405 Ph: (312) 681-6454

Leased Warehouse Locations

Type of Property	Person or Entity in Possession of Property	Approximate Value	Address & Telephone Number of Person or Entity in Possession of Property
Inventory	RR Donnelley Fulfillment Services	$5,752,770	RR Donnelley Fulfillment Services 1077 Prospect Lane Kaukauna, WI 54130

Special Storage Locations

Type of Property	Person or Entity in Possession of Property	Approximate Value	Address & Telephone Number of Person or Entity in Possession of Property
Inventory	RRD-ISS-Dubai	$799,787	RRD-ISS-Dubai PO Box 5613 Dubai, AE

ALC Locations

Type of Property	Person or Entity in Possession of Property	Approximate Value	Address & Telephone Number of Person or Entity in Possession of Property
Inventory – ALC	Colorado Express Copies	$79,508	Jim Jensen or Scott White 4865 Oakland Street Denver, CO 80239 Ph: 303) 620-9900
Inventory – ALC	National Book Network	$62,146	Ruth Proctor 15200 NBN Way Bldg D Blue Ridge Summit PA 17214 Ph: (717) 794-3800 x 3517
Inventory – ALC	Solution Tree	$1,834	Nick Fleming 555 North Morton Bloomington, IN 47404 Ph: (800) 733-6786 x 202 Fax: (812) 336-7790

Exhibit H

Debtors' Property

Pursuant to Local Rule 1007-2(a)(9), the following lists the property or premises owned, leased or held under other arrangement from which the Debtors operate their business as of the Petition Date.

Owned Real Property

Lease Address	City	State	Zip Code	Country
2700 N. Richard Avenue	Indianapolis	Indiana	46219	USA
200 Academic Way	Troy	Missouri	63379	USA
151 Benigno Boulevard	Bellmawr	New Jersey	08031	USA
6366 Westwood Boulevard	Orlando	Florida	32887	USA

Leased Real Property

Lease Address	City	State	Zip Code	Country
11276 5th Street, Suite 100	Rancho Cucamonga	California	91730	USA
365 Main Street	San Francisco	California	94105	USA
5901 Priestly Drive, Suite 170,	Carlsbad	California	92008	USA
317 Inverness Way South, Suite 150	Englewood	Colorado	80112	USA
1747 Pennsylvania Avenue, Suite 1100	Washington	District of Columbia	20006	USA
9205 South Park Center Loop, 1300 Building, Floors 1, 2 and 3	Orlando	Florida	32819	USA
9400 South Park Center Loop, 1500 Building	Orlando	Florida	32819	USA
7584 Presidents Drive	Orlando	Florida	32809	USA
82 South Barrett Square, Suite 2i	Rosemary Beach	Florida	32461	USA
2940 South US 1, Bays C-11 and C-12	Fort Pierce	Florida	34982	USA
3625 Kennesaw 75 Parkway, Suite 160	Kennesaw	Georgia	30144	USA
5513 N. Cumberland Avenue, Suites 701-716	Chicago	Illinois	60656	USA
909 Davis Street, Suite 600	Evanston	Illinois	60201	USA
761 District Drive	Itasca	Illinois	60143	USA
3800 Golf Road	Rolling Meadows	Illinois	60008	USA
950 N. Raddant Road	Batavia	Illinois	60510	USA
1900 South Batavia	Geneva	Illinois	60134	USA
4925 West 86th Street	Indianapolis	Indiana	46268	USA

Lease Address	City	State	Zip Code	Country
181 Ballardvale Street	Wilmington	Massachusetts	01887	USA
187 Ballardvale Street	Wilmington	Massachusetts	01887	USA
222 Berkeley Street, FL 3-6, 10	Boston	Massachusetts	02116	USA
500 Boylston Street, FL 3,4,5	Boston	Massachusetts	02116	USA
319 Marlborough Street	Boston	Massachusetts	02115	USA
6085 Marshalee Drive, Suite 100	Elkridge,	Maryland	21075	USA
Water Tower on Third Street	Troy	Missouri	63379	USA
361 Hanover Street	Portsmouth	New Hampshire	03801	USA
215 Park Avenue South, 11th and 12th Floors	New York	New York	10003	USA
1350 Avenue of the Americas, Suite 815	New York	New York	10019	USA
1175 N. Stemmons Freeway	Lewisville	Texas	76102	USA
10801 N. Mopac Expressway	Austin	Texas	78759	USA
1655 Waters Ridge Drive	Lewisville	Texas	75057	USA
1601 Sangam-Dong (INTL SALES), KGIT Sangam Center, 11th FL,	Mapo-gu	N/A	110-720	Seoul
B7 Tabonuco Street, Suite 1410, Santander Tower at San Patrico	Guaynabo	Puerto Rico	00968	USA
7/F Metropolis Tower, Suite 735, No. 2 Dongsan Street Zhongguancun Xi-Zone	Beijing	N/A	100080	China
Av. Santa Fe 495, Piso 4, Col. Cruz Manca	Mexico City	N/A	05349	Mexico
350 Orchard Road, #11-08 Shaw House, Suite 12	Singapore	N/A	238868	Singapore
Festival Tower, 19th Floor, Offices 1967, 1968, 1969	Dubai	N/A	N/A	United Arab Emirates
Trinity Central, FL 2,3,4 , 152-160 Pearse Street	Dublin	N/A	N/A	Ireland
12 Abba Hillel Street, Ayalon House, 16th Floor	Tel Aviv	N/A	52136	Israel

Exhibit I

Location of Debtors' Assets, Books and Records

Pursuant to Local Rule 1007-2(a)(l0), the following lists the locations of the Debtors' substantial assets, the location of their books and records, and the nature, location, and value of any assets held by the Debtors outside the territorial limits of the United States.

Location of Debtors' Substantial Assets

As stated in above, the Debtors' substantial assets consist of the real and leased property listed on **Exhibit H** attached hereto and incorporated herein by reference, accounts, equipment, furniture, fixtures, inventory, instruments, and various other assets, in every location from which they operate their business. In addition, inventory is located at the state textbook depositories and other locations listed in **Exhibit G**, attached hereto and incorporated herein by reference.

Books and Records

The Debtors' books and records are located at their corporate headquarters at 222 Berkeley Street, Boston, MA 02116. Additional books and records of the Debtors are located in every location in which they operate their business, including the locations listed on **Exhibit H** attached hereto and incorporated herein by reference.

Debtors' Assets Outside the United States

Please see the Location of Debtors' Substantial Assets above. Due to the nature of the Debtors' business, the value of the assets outside the United States is unknown and subject to change.

Exhibit J

Litigation

Pursuant to Local Rule 1007-2(a)(11), the following is a list of the nature and present status of each action or proceeding, pending or threatened against the Debtors or their properties where a judgment against the Debtors or a seizure of their property may be imminent. This list reflects actions or proceedings considered material by the Debtors and, if necessary, will be supplemented in the corresponding Schedules to be filed by the Debtors in these chapter 11 cases.

Caption of Suit	Case Number	Nature of Proceeding	Court	Location of Court	Status or Disposition
Paul Perito, M.D. (Dangerous Doses) v. Harcourt, Inc., Katherine Eban, Harcourt Trade Publishers, Reed Elsevier Group, PLC, Reed Elsevier PLC and Reed Elsevier, NV	07-13222-CA-22	Action claiming defamation	11th Judicial Circuit Court – Miami-Dade County, Florida	Lawson E. Thomas Courthouse Center 175 NW 1st Ave Suite #3016 Miami, FL 33128	Pending but inactive; pre-discovery phase
The Learning Company and HMH Consumer Company Ltd. v. Zynga, Inc.	1:11-cv-10894-MLW	Action claiming trademark infringement and unfair competition	USDC – District of Massachusetts	John Joseph Moakley United States Courthouse 1 Courthouse Way Boston, MA 02210	Pending but inactive; pre-discovery phase
The Riverside Publishing Company v. Mercer Publishing LLC, Michael Hubbard and Rachel Hubbard	2:11-cv-1249-RAJ	Cross claims sounding in copyright infringement and contract	USDC – Western District of Washington (Seattle)	Seattle United States Courthouse 700 Stewart St. Suite #2310 Seattle, WA 98101	District court action pending; discovery ongoing regarding counterclaim only
	11-35960		United States Court of Appeals for the Ninth Circuit	Richard H. Chambers, United States Court of Appeals 125 South Grand Avenue, Pasadena, CA 91105	Appeal pending and active regarding denial of right to arbitrate contract claim
SingaporeMath.com v. Houghton Mifflin Harcourt Publishing Company	3:11-cv-01522-MO	Trademark infringement claim and state	USDC – District of Oregon (Portland)	Mark O. Hatfield United States	Action pending and active; early in discovery phase with

		unfair competition claims; counterclaims regarding same		Courthouse 1000 S.W. 3rd Ave, Suite #740 Portland, OR 97204	fast docket
Anderson News, LLC v. Houghton Mifflin Harcourt Publishing Company	0910695CSS	Bankruptcy claim for preference	United States Bankruptcy Court – District of Delaware	824 North Market Street, Wilmington, DE 19801	Settlement in principle pending paperwork - $5,000
Larson Texts, Inc. and Ronald E. Larson v. Houghton Mifflin Harcourt Publishing Company and Cengage Learning, Inc.	50-143-T-00040-12 02 CACR-R	Claim for breach of covenant of good faith and fair dealing in royalty agreements	American Arbitration Association – Boston, MA	1 Center Plaza Suite #300 Boston, MA 02108	Arbitration pending; discovery about to begin
Jairo Garcia v. Houghton Mifflin Harcourt Publishing Company	846-2011-90302	Claim of disability discrimination	Florida Commission on Human Relations	2009 Apalachee Parkway Suite #100 Tallahassee, FL 32301	Motion to dismiss pending/prior release of claims
Muench Photography, Inc. v. Houghton Mifflin Harcourt Publishing Company and R.R. Donnelley & Sons Co.	1:09-cv-2669-LAP	Copyright infringement claim regarding excess use of licensed photo images	USDC – Southern District of New York	Daniel Patrick Moynihan United States Courthouse 500 Pearl Street, New York, NY 10007-1312	Pending; motion by HMH for partial summary judgment on statute of limitations issue due May 7
Alaska Stock v. Houghton Mifflin Harcourt Publishing Company and R.R. Donnelley & Sons Co.	3:09-cv-00061-TMB	Copyright infringement claim regarding excess use of licensed photo images	USDC – District of Alaska	Anchorage Federal Building United States Courthouse 222 W. 7th Avenue Suite #4, Anchorage, AK 99513	Final judgment entered in District Court; Appeal pending – argued and awaiting court opinion
	10-36010		United States Court of Appeals for the Ninth Circuit	Richard H. Chambers United States Court of Appeals 125 South Grand Avenue, Pasadena, CA 91105	
Tom Bean II v. Houghton Mifflin Harcourt Publishing Company	3:10-cv-08034-DGC	Copyright infringement claim regarding excess use of licensed photo	USDC – District of Arizona	Sandra Day O'Connor United States Courthouse 401 W. Washington	Final judgment entered in District Court; appeal pending – fully briefed and awaiting court

		images		Street, Suite 130, SPC 1 Phoenix, AZ 85003-2118	opinion
	10-cv-16771		United States Court of Appeals for the Ninth Circuit	Richard H. Chambers, United States Court of Appeals 125 South Grand Avenue, Pasadena, CA 91105	
Harrison Shull v. Houghton Mifflin Harcourt Publishing Company and John Doe Printers 1-10	1:11-cv-03012-RPM	Copyright infringement claim regarding excess use of licensed photo images	USDC – Southern District of Colorado	Alfred A. Arraj United States Courthouse, Room A105 901 19th Street Denver, CO 80294-3589	Action pending; discovery ongoing
Robert Lewine v. Houghton Mifflin Harcourt Publishing Company and John Doe Printers 1-10	5:12-cv-12-0535-HRL	Copyright infringement claim regarding excess use of licensed photo images	USDC – Northern District of California	Robert F. Peckham Federal Building, San Jose Courthouse 280 South 1st Suite #4050, San Jose, CA 95113	Action pending; discovery ongoing
Lester Lefkowitz v. Houghton Mifflin Harcourt Publishing Company and John Doe Printers 1-10	1:12-cv-10614-MLW	Copyright infringement claim regarding excess use of licensed photo images	USDC – Northern District of Massachusetts (Boston)	John Joseph Moakley United States Courthouse 1 Courthouse Way Boston, MA 02210	Action pending; discovery ongoing

Exhibit K

Senior Management

Pursuant to Local Rule 1007-2(a)(12), the following provides the names of the individuals who comprise the Debtors' existing senior management and a brief summary of their relevant responsibilities and experience.

Name	Title	Tenure	Prior Experience
Linda K. Zecher	President, CEO, Director	2011 to present	• Microsoft –Corporate Vice President from 2003 to 2011 • Texas Instruments – Geophysicist • Bank of America – Vice President • PeopleSoft – Vice President • Oracle – Senior Vice President • Evolve Corp. – Chief Executive Officer
Eric Shuman	CFO	2011 to present	• Houghton Mifflin Harcourt Education Group – Executive Vice President and Chief Operating Officer from 2009 to 2011. • Thomson Lifelong Learning Group – Chief Executive Officer • Thomson Learning – Senior Vice President and Chief Financial Officer • Thomson Newspapers - Vice President and Corporate Controller • Coopers and Lybrand – General Practice Partner
William Bayers	Executive Vice President, General Counsel	2007 to present	• Harcourt Education Group – Vice President and General Counsel
Gary Gentel	President of HMH Trade and Reference Publishers	2007 to present	• Houghton Mifflin Trade and Reference Publishers – Corporate Vice President, Director of Trade Sales • Candlewick Press – President • Scholastic Books – SVP of Trade Sales • The Grosset and Dunlap Group – SVP and Publisher • Random House – VP of Children's Sales
Tim Cannon	Executive Vice President, Strategy and Alliances	2011 to present	• Microsoft – Senior Director of Business Strategy • Digital Equipment Corporation – Director, Worldwide Microsoft Alliance • Oracle – VP, CRM Sales

Name	Title	Tenure	Prior Experience
Bethlam Forsa	Executive Vice President, Global Product And Content Development	2008 to present	• Accenture – Partner
John K. Dragoon	Executive Vice President, Chief Marketing Officer	2012 to present	• Novell – Chief Marketing Officer and Channel Chief • Art Technology Group - Senior Vice President, Marketing and Product Management • Internet Capital Group – Vice President, Operations • IBM – Marketing and sales positions
Mary Cullinane	Executive Vice President of Global Corporate Social Responsibility	2012 to present	• Microsoft – Worldwide Senior Director Innovation and Strategic Initiatives
Joanne Karimi	Senior Vice President Human Resources	2011 to present	• PacifiCord – Leader of Human Capital

Exhibit L

Payroll

Pursuant to Local Rules 1007-2(b)(1)-(2)(A) and (C), the following provides the estimated amount of weekly payroll to the Debtors' employees (not including officers, directors and stockholders) and the estimated amount to be paid to officers, stockholders, directors and financial and business consultants retained by Debtors, for the 30-day period following the Petition Date.

Payments to Employees (Not Including Officers, Directors and Stockholders)	Approximately $19 mm for 30 days
Payments to Officers, Directors and Stockholders	**Officers**: Approximately $694,000 **Directors**: Approximately $266,500 **Stockholders**: $ 0
Payments to Financial and Business Consultants Retained by the Debtors	Approximately $ 13.275 mm for 30 days to be paid in accordance with applicable first day motions.

Exhibit M

Cash Receipts and Disbursements, Net Cash Gain or Loss, Unpaid Obligations and Receivables

Pursuant to Local Rule 1007-2(b)(3), the following provides, for the 30-day period following the commencement of these chapter 11 cases, the Debtors' estimated cash receipts and disbursements, net cash gain or loss, and obligations and receivables expected to accrue that remain unpaid, other than professional fees.

Cash Receipts	$57 million
Cash Disbursements	-$147 million
Net Cash Gain/Loss	-$90 million
Unpaid Obligations	$419 million
Unpaid Receivables	$315 million

Exhibit N

First Day Motions

1. Debtors' Motion for an Order Directing Joint Administration of the Debtors' Chapter 11 Cases

2. Debtors' Motion for an Order Authorizing the Debtors to Honor Certain Prepetition Customer Obligations and to Continue Prepetition Customer Programs and Practices in the Ordinary Course of Business

3. Debtors' Motion for an Order Authorizing the Payment of Certain Prepetition Sales, Use, Franchise and Property Taxes, Licensing Fees, and Similar Obligations

4. Debtors' Motion for an Order (I) Authorizing the Debtors to Pay Certain Prepetition (A) Wages, Salaries, Commissions and Other Compensation; (B) Compensation Owed to Project Employees and Independent Contractors; (C) Employee Business Expenses; (D) Contributions to Employee Benefit Programs and the Continuation of Such Programs in the Ordinary Course; and (E) Payroll Withholdings and Related Deductions and Payments; and (II) Authorizing and Directing Financial Institutions to Honor and Pay All Checks and Transfers Drawn on the Debtors' Accounts Related to the Foregoing

5. Motion for Interim and Final Orders Authorizing Debtors to (I) Maintain and Use Existing Bank Accounts, Books, Records and Business Forms; (II) Maintain and Use Existing Cash Management System; (III) Provide Superpriority Status for Intercompany Receivables; and (IV) Waive the Deposit and Investment Guidelines of Section 345 of the Bankruptcy Code

6. Debtors' Motion for Entry of an Order Extending the Debtors' Deadline to (I) File Schedules of Assets and Liabilities and Statements of Financial Affairs and (II) Permanently Waiving the Requirement to File the Same upon Confirmation of the Prepackaged Plan

7. Debtors' Motion for an Order Authorizing (A) the Continuation of the Debtors' Workers' Compensation Program and Other Insurance Policies; and (B) the Payment of Certain Obligations Related Thereto

8. Debtors' Application for an Order Appointing Kurtzman Carson Consultants LLC as Claims and Noticing Agent for the Debtors Pursuant to 28 U.S.C. §156(c) 11 U.S.C. §105(a), S.D.N.Y. LBR 5075-1 and General Order M-409

9. Debtors' Motion for Entry of Interim and Final Orders (I) Authorizing the Debtors (A) to Obtain Postpetition Secured Superpriority Financing Pursuant to 11 U.S.C. §§ 105(a), 362, 364(c)(1), 364(c)(2), 364(c)(3) and 364(d); (B) to Utilize Cash Collateral Pursuant to 11 U.S.C. § 363, (II) Granting Adequate Protection to Prepetition Secured Creditors Pursuant to 11 U.S.C. §§ 361, 363,

364 and 507, (III) Granting Certain Protective Relief With Regard to the Fee Letters Relating to the DIP/Exit Facilities; and (IV) Scheduling a Final Hearing on Debtor-In-Possession and Exit Financing Pursuant to Bankruptcy Rules 4001(b) and (c)

10. Debtors' Motion for an Order (I) Scheduling a Combined Hearing to Consider (A) the Approval of (1) The Debtors' Disclosure Statement and (2) The Debtors' Prepetition Solicitation Procedures; and (B) Confirmation of The Debtors' Prepackaged Plan; and (II) Approving the Form of Notice of the Combined Confirmation Hearing and Disclosure Statement Hearing

11. Debtors' Motion for an Interim and Final Orders Authorizing the Payment of Prepetition General Unsecured Claims and Other Unimpaired Claims in the Ordinary Course of Business

12. Debtors' Motion for Entry of an Order (I) Authorizing the Debtors to (A) Prepare a List of Creditors in Lieu of a Formatted Mailing Matrix, (B) File a Consolidated List of the Debtors' 20 Largest Unsecured Creditors and (C) Mail Initial Notices and (II) Approving the Form and Manner of Notifying Creditors of Commencement of Debtors' Chapter 11 Cases